

File No. 140754

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance

Date September 10, 2014

Board of Supervisors Meeting

Date _____

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Completed by: Victor Young Date September 5, 2014

Completed by: _____ Date _____

1 [Sublease and Property Management Agreement - John Stewart Company - Treasure and
2 Yerba Buena Islands Market Rate Rental Housing - \$632,806 Yearly Base Rent]

3 **Resolution approving a Sublease and Property Management Agreement for Treasure**
4 **and Yerba Buena Islands market rate rental housing between the Treasure Island**
5 **Development Authority and the John Stewart Company, with a yearly base rent of**
6 **\$632,806 for a seven-year term, to commence following Board approval, with a three-**
7 **year option to extend.**

8
9 WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island
10 and Yerba Buena Island (together, the "Base"), which is currently owned by the United States
11 of America ("the Federal Government"); and

12 WHEREAS, The Base was selected for closure and disposition by the Base
13 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
14 subsequent amendments; and

15 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
16 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
17 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
18 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
19 conversion of the Base for the public interest, convenience, welfare and common benefit of
20 the inhabitants of the City and County of San Francisco; and

21 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
22 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
23 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority
24 as a redevelopment agency under California redevelopment law with authority over the Base
25

1 upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the
2 Base that are subject to the Tidelands Trust, vested in the Authority the authority to administer
3 the public trust for commerce, navigation and fisheries as to such property; and

4 WHEREAS, The Board of Supervisors approved the designation of the Authority as a
5 redevelopment agency for Treasure Island in 1997; and

6 WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of
7 the Authority as a redevelopment agency under California Community Redevelopment Law in
8 Resolution No. 11-12, but such rescission did not affect the Authority's status as the Local
9 Reuse Authority for Treasure Island or the Tidelands Trust trustee for the portions of Treasure
10 Island subject to the Tidelands Trust, or any other powers or authority of the Authority; and

11 WHEREAS, On March 17, 1999, the Authority and John Stewart Company ("JSCo")
12 entered into a Sublease, Development, Marketing and Property Management Agreement (as
13 amended, the "Original Agreement") for the development, marketing and property
14 management of up to 766 housing units on the Base; and

15 WHEREAS, The scheduled term of the Original Agreement expired on the effective
16 date of the Disposition and Development Agreement for former Naval Station Treasure Island
17 ("the DDA") between the Authority and Treasure Island Community Development LLC, but
18 continued thereafter on a month-to-month holdover basis; and

19 WHEREAS, On March 7, 2014, the Authority issued a Request for Proposals for a
20 Sublease and Property Management Agreement for Treasure and Yerba Buena Islands
21 Market Rate Rental Housing ("the RFP") to perform the services that were then-being
22 provided under the Original Agreement; and

23 WHEREAS, JSCo was the sole respondent to the RFP; and

24 WHEREAS, The Response submitted by JSCo was deemed complete and responsive
25 to the terms of the RFP by Authority staff; and

1 WHEREAS, The Authority and JSCo negotiated a Sublease and Property Management
2 Agreement for Treasure and Yerba Buena Islands Market Rate Rental Housing (the
3 “Agreement”), a copy of which is on file with the Clerk of the Board of Supervisors in File No.
4 140754, which is hereby declared to be a part of this Resolution as if set forth fully herein;
5 and

6 WHEREAS, The Agreement was approved by the Authority Board of Directors at its
7 June 11, 2014, meeting by Authority Board Resolution # 14-22-06/14; and

8 WHEREAS, Because the cumulative amount of the Agreement exceeds \$1,000,000,
9 the Authority is requesting that the Board of Supervisors approve the Agreement; and

10 WHEREAS, There is no change in existing use as a result of the Agreement and the
11 approval of the Agreement is not a project under CEQA; now, therefore, be it

12 RESOLVED, That the Board of Supervisors hereby approves the Agreement, and
13 authorizes the Director of Island Operations to execute the Agreement in substantially the
14 form filed with the Clerk of the Board of Supervisors, and to make any additions, amendments
15 or other modifications to the Agreement (including, without limitation, its exhibits) that the
16 Director of Island Operations of the Authority determines, in consultation with the City
17 Attorney, are in the best interests of the Authority and do not otherwise materially increase the
18 obligations or liabilities of the Authority, and are necessary or advisable to effectuate the
19 purpose and intent of this Resolution; and, be it

20 FURTHER RESOLVED, That within thirty (30) days of the Agreement being fully
21 executed by all parties the Treasure Island Development Authority shall provide the final
22 Agreement to the Clerk of the Board for inclusion into the official file.

Item 1
File 14-0754

Department:
Treasure Island Development Authority (TIDA)

EXECUTIVE SUMMARY

Legislative Objective

- Resolution approving a Sublease and Management Agreement for Treasure and Yerba Buena Islands market rate rental housing between Treasure Island Development Authority (TIDA) and the John Stewart Company, with a yearly base rent of \$632,806 for a seven-year term, with a three-year option to extend.

Key Points

- In 1999, based on a Request for Qualifications (RFQ) process which resulted in eight responses, the Board of Supervisors approved a seven-year sublease and property management agreement between TIDA and the John Stewart Company for market rate rental housing units on Treasure and Yerba Buena Islands, which was extended on a month-to-month holdover basis. Under the existing Agreement, the John Stewart Company currently (a) receives 3% of gross rental revenues, up to a maximum of \$400,000 per year, adjusted annually for inflation, (b) pays an annual base rent, \$623,344 in FY 2013-14 to TIDA, adjusted annually for inflation, and (c) shares in net revenues, with TIDA receiving 95% of the net revenues and John Stewart Company receiving 5% of the net revenues.
- On March 7, 2014, TIDA issued a Request for Proposals (RFP) for continued sublease and property management services for market rate rental housing on Treasure and Yerba Buena Island and received only one response, from the John Stewart Company.

Fiscal Impact

- The John Stewart Company collects all rental revenues and pays (a) TIDA \$632,806 annual base rent (presently the base rent is \$623,344), which is adjusted annually, (b) all operating expenses, (c) funds the required maintenance reserve account, and (d) receives a 3% management fee. Any remaining revenues are considered net revenues, with TIDA receiving 95% of the net revenues and John Stewart Company receiving 5% of the net revenues. All of these provisions are the same as the current provisions.
- TIDA received base rent of \$7,687,522 and percentage rent of \$80,292,575 or a total of \$87,982,097 over the past 15 years under the existing Agreement with the John Stewart Company. During that same period, the John Stewart Company received \$5,463,993 in management fees and \$4,860,337 in percentage rent, or a total of \$10,324,330.
- TIDA is estimated to receive \$4,704,459 in base rent and \$21,590,892 in percentage rent, or a total of \$26,295,351 over the initial seven-year term. At the same time, the John Stewart Company is estimated to receive \$2,547,824 in management fees and \$1,136,360 in percentage rent, or a total of \$3,684,184.
- TIDA revenues under the existing and proposed Agreements are used for TIDA operations.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT & BACKGROUND**Mandate Statement**

In accordance with Charter Section 9.118(a), any contract or agreement entered into by a City department or board with anticipated revenue of \$1,000,000 or more is subject to Board of Supervisors approval by resolution.

Background

The US Navy currently owns Treasure and Yerba Buena Islands. The US Navy has entered into various long-term Master Leases with the Treasure Island Development Authority (TIDA) to lease these Navy properties, with TIDA responsible for the ongoing operations and maintenance of these properties. One of the Master Leases between the Navy and TIDA specifically addresses market rate housing units; this lease expired in March 2014, and has continued on a month-to-month holdover basis.

According to Ms. Mirian Saez, TIDA Director of Operations, the existing Master Lease with the Navy for affordable housing units on Treasure and Yerba Buena Islands expires in the fall of 2014. In the late fall of 2014, TIDA then anticipates entering into one new Master Lease with the Navy, to address both market rate and affordable housing units on Treasure and Yerba Buena Islands, which would be subject to Board of Supervisors approval.

Existing Sublease and Property Management Agreement

On February 22, 1999, based on a Request for Qualifications (RFQ) process which resulted in eight responses¹, the Board of Supervisors approved a seven-year Sublease, Development, Marketing and Property Management Agreement between the Treasure Island Development Authority (TIDA) and the John Stewart Company for the market rate rental housing on Treasure and Yerba Buena Islands (Resolution No. 146-99). This initial Agreement was from March 17, 1999 through March 16, 2006 for up to 766 units of market rate rental housing. Between August 2000 and October 2009, the Board of Supervisors approved five subsequent amendments to this Agreement which, among other provisions, extended the term on a month-to-month holdover basis.

Under this Agreement, the John Stewart Company is currently responsible for 472 units on Treasure Island and 84 units on Yerba Buena Island, or a total of 556 market rate rental housing units to provide (a) property management, (b) maintenance and repair, (c) hiring any 3rd party contractors, (d) managing tenant applications and tenant relocations, (e) working with community groups, and (f) managing all rental revenues. Under the existing Agreement, the John Stewart Company currently (a) receives 3% of gross rental revenues, up to a maximum of \$400,000 per year, adjusted annually for inflation, (b) pays an annual base rent, \$623,344 for FY

¹ TIDA received eight responses from the following: (1) Clipper Cover Partners, (2) John Stewart Company, (3) KTB Realty Partners, (4) LaSalle Partners/ConAm Management, (5) Madison/Heritage LLC, (6) Mid Peninsula Housing Coalition, (7) Total, and (8) Urbatec.

2013-14 to TIDA, adjusted annually for inflation, and (c) shares in net revenues, with TIDA receiving 95% of the net revenues and John Stewart Company receiving 5% of the net revenues.

New Request For Proposal

In March of 2013, the TIDA Board directed staff to issue a new Request for Proposals (RFP) for subleasing and managing the market rate rental housing on Treasure and Yerba Buena Islands. On March 7, 2014, TIDA issued a RFP for continued sublease and property management services for market rate rental housing for four years, with options to extend the term. The RFP specified that the contractor would be paid a management fee equal to the greater of (a) 3% of gross revenues, up to a maximum of \$400,000 per year, to be adjusted for inflation, or (b) \$60 per rental unit per month not to exceed \$333,000 per year. In addition, the RFP specified percentage-based disbursements of net revenues between TIDA and the successful contractor from leasing of these market rate rental units.

Ms. Saez advises that TIDA posted the RFP on the City's Office of Contract Administration (OCA) website, TIDA's website, and on TIDA's Twitter account and sent notices by email to 12 specific organizations². On April 18, 2014, TIDA received one response, from the John Stewart Company, the existing contractor, to provide continued sublease and property management services on Treasure and Yerba Buena Islands.

On June 11, 2014, the TIDA Board of Directors approved a resolution (Resolution No. 14-22-06/14) approving a proposed new Agreement with the John Stewart Company.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution will approve a new Sublease and Property Management Agreement for Treasure and Yerba Buena Islands market rate rental housing between Treasure Island Development Authority (TIDA) and the John Stewart Company, with a yearly base rent of \$632,806 payable by the John Stewart Company to TIDA for an approximate seven-year term, with one three-year option to extend.

As discussed above, the John Stewart Company is currently providing the same property management and subleasing services for TIDA under a month-to-month extension of the original Agreement. The effective date of the proposed new Agreement would be upon final approval by the Board of Supervisors. The new Agreement would then extend through June 30, 2021. If the one three-year extension option is approved, the term would extend through June 30, 2024.

As noted above, the Agreement currently covers 472 units on Treasure Island and 84 units on Yerba Buena Island, or a total of 556 market rate rental housing units, including backyards,

² Ms. Saez advises that emails regarding the Notice of Availability of the RFP were sent to the: San Francisco Apartment Association, Building Owners and Managers Association, City's Office of Economic and Workforce Development, City's Office of Small Business, City's Office of the City Administrator, Supervisor Jane Kim, and the existing Treasure Island Residential Property Managers, including John Stewart Company, Swords to Plowshares, Catholic Charities, Community Housing Partnerships, Healthright 360, and Rubicon Programs.

common areas and off-street residential areas. Under the proposed Agreement, TIDA would have the right to reduce the number of rental housing units managed by the John Stewart Company at any time, as may be required to accommodate the U.S. Navy's ongoing environmental remediation program or for other purposes.

Under the proposed Agreement, the John Stewart Company would (a) receive 3% of gross revenues, up to a maximum of \$400,000 per year, to be adjusted annually for inflation, (b) pay an annual base rent of \$632,806 to TIDA, to be adjusted annually for inflation, and (c) share percentage rent from net revenues, with TIDA receiving 95% of the net revenues and John Stewart Company receiving 5% of the net revenues.

As noted above, TIDA anticipates entering into one new Master Lease with the Navy, to address both market rate and affordable housing units on Treasure and Yerba Buena Islands, in late 2014. The proposed Agreement with the John Stewart Company therefore states that if the upcoming Master Lease with the Navy has any material or substantive impacts that negatively impact the John Stewart Company, TIDA will meet and confer, attempt to resolve such impacts, initiate nonbinding mediation, or ultimately terminate the Agreement with the John Stewart Company with 180 day notice.

FISCAL IMPACTS

As specified in the RFP, TIDA will pay the John Stewart Company a management fee that is equivalent to 3% of gross revenues derived from the monthly leasing revenues collected by the John Stewart Company, not to exceed \$400,000 annually, with an allowable annual CPI increase in this management fee. The John Stewart Company currently receives the same management fee rate under the existing agreement. However, if the number of rental units is reduced by TIDA below 210 units, TIDA and John Stewart Company staff may establish a new management fee, that maintains the benefits, or initiate nonbinding mediation, or ultimately terminate the Agreement with 180 day notice.

In addition, TIDA will be paid an annual base rent of \$632,806 from the John Stewart Company, adjusted annually by a cost of living factor. After the John Stewart Company pays (a) TIDA the \$632,806 annual base rent (presently the base rent is \$623,344), (b) all operating expenses, (c) funds the required Replacement Reserve Account³, and (d) receives the management fee, the remaining available revenues realized from the collection of rents are considered to be net revenue. Such net revenues are then distributed between TIDA and the John Stewart Company, with TIDA receiving 95% of the net revenues and John Stewart Company receiving 5% of the net revenues. All of these provisions are the same as the current provisions.

Consistent with the existing Agreement, the proposed Agreement requires the John Stewart Company to pay all operating expenses from gross revenues received from the rents. However, the proposed Agreement adds a new provision that the John Stewart Company will not have to incur costs greater than \$500,000 from its own funds, such that TIDA and the John Stewart

³ As specified in Section 11.3 of the proposed Agreement, the John Stewart Company shall make disbursements from the required Replacement Reserve Account to perform repairs and maintenance to the rental units and to perform any emergency repairs.

Company would make adjustments to expenditures to ensure that expenses do not exceed revenues, or receive credit against the base rent to ensure full reimbursement. The proposed Agreement also requires that the John Stewart Company pay prevailing wages for any staff or subcontractors performing any repairs, improvements or alterations to the residential units.

All of the revenues received by TIDA under the existing and proposed Agreements are budgeted for overall TIDA operations.

Table 1 below summarizes the actual revenues that have been paid to TIDA and earned by the John Stewart Company under the existing agreement. Overall, TIDA received base rent of \$7,687,522 and percentage rent of \$80,292,575 or a total of \$87,982,097 over the past 15 years under the existing Agreement with the John Stewart Company. During that same period, the John Stewart Company received \$5,463,993 in management fees and \$4,860,337 in percentage rent, or a total of \$10,324,330.

Table 1: Actual TIDA and John Stewart Company Revenues Under the Existing Agreement

Fiscal Year	TIDA Revenues		John Stewart Revenues	
	Base Rent	% Rent	Management Fee	% Rent
1999-2000	\$250,004		\$180,532	
2000-2001	439,703	\$3,468,703	416,232	\$261,085
2001-2002	431,610	6,489,108	436,416	488,427
2002-2003	462,500	8,097,056	399,577	609,456
2003-2004	500,258	7,619,526	398,352	560,304
2004-2005	503,098	6,897,878	397,326	423,013
2005-2006	512,649	6,523,633	403,958	377,432
2006-2007	526,783	6,788,504	389,292	323,231
2007-2008	542,928	6,103,399	385,656	321,225
2008-2009	555,975	6,207,818	400,953	333,061
2009-2010	563,016	5,429,311	367,098	285,753
2010-2011	576,140	5,147,124	321,140	270,901
2011-2012	590,193	3,841,665	292,831	202,194
2012-2013	609,323	3,588,084	329,487	188,845
2013-2014	623,344	4,092,766	345,143	215,409
Total	\$7,687,522	\$80,294,575	\$5,463,993	\$4,860,337

Table 2 below summarizes the estimated revenues that are anticipated to be paid to TIDA and earned by the John Stewart Company under the proposed initial seven-year agreement. As shown in Table 2 below, the percentage revenues are estimated to decline in FY 2015-16 because of the loss of 44 market rate housing units currently occupied on Yerba Buena Island. While the number of housing units may further decline over the term of the proposed Agreement due to the Navy's environmental remediation program or other purposes, the estimated revenues shown in Table 2 below assume no further losses of housing units over the initial seven year term of the Agreement, with relatively stable and allowable 1% annual rent increases. Overall, TIDA is estimated to receive \$4,704,459 in base rent and \$21,590,892 in percentage rent, or a total of \$26,295,351 over the initial seven-year term. At the same time,

the John Stewart Company is estimated to receive \$2,547,824 in management fees and \$1,136,360 in percentage rent, or a total of \$3,684,184.

Table 2: Estimated TIDA and John Stewart Company Revenues during the Initial Seven-Year Term of the Proposed Agreement

Fiscal Year	TIDA Revenues		John Stewart Revenues	
	Base Rent*	% Rent	Management Fee	% Rent
2014-2015	\$632,806	\$3,239,364	\$382,260	\$170,493
2015-2016	645,462	2,983,012	352,009	157,000
2016-2017	658,371	3,012,841	355,529	158,570
2017-2018	671,539	3,042,969	359,084	160,156
2018-2019	684,970	3,073,399	362,675	161,757
2019-2020	698,669	3,104,133	366,302	163,375
2020-2021	712,642	3,135,174	369,965	165,009
Total	\$4,704,459	\$21,590,892	\$2,547,824	\$1,136,360

*In accordance with the proposed agreement, base rent will be adjusted annually based on the Consumer Price Index. Table 2 assumes a 2% annual adjustment in the Base Rent.

On June 7, 2011, the Board of Supervisors approved a Disposition and Development Agreement (DDA) between TIDA and the Treasure Island Community Development LLC for the future long-term development of Treasure and Yerba Buena Islands, which includes market rate and affordable housing, commercial development, parks and open space and a ferry terminal. According to Ms. Saez, the Navy parcels that contain most of the market rate housing that are covered by the proposed Agreement with the John Stewart Company are not anticipated to be conveyed to the City for at least ten years, or approximately 2024. As noted above, the proposed Agreement with the John Stewart Company includes a three-year option to extend, or up to a total of ten years.

RECOMMENDATION

Approve the proposed resolution.

CITY & COUNTY OF SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
ONE AVENUE OF THE PALMS,
2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFTREASUREISLAND.ORG



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2014 JUL -1 PM 1:36

July 1, 2014

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

Dear Ms. Calvillo

The Treasure Island Development Authority ("TIDA") requests that the following piece of legislation be formally introduced at the Board of Supervisors and calendared for hearing and consideration of approval at the Boards earliest convenience:

- Resolution Approving a Sublease and Property Management Agreement for Treasure and Yerba Buena Islands Market Rate Rental Housing between the Treasure Island Development Authority and the John Stewart Company.

Please find enclosed one original and four copies of the materials for this item. Thank you for your attention to this matter. Should your office have any questions, please do not hesitate to contact me at 415-274-0669.

Sincerely,


Mirian Saez
Director of Island Operations

Cc: file

Enclosures

**Treasure Island Development Authority
City and County of San Francisco**

**Resolution Approving a Sublease and Property Management Agreement for
Treasure and Yerba Buena Islands Market Rate Rental Housing between the
Treasure Island Development Authority and John Stewart Company.**

SUMMARY OF PROPOSED ACTION:

This item seeks approval and authorization to execute a Sublease and Property Management Agreement for Treasure and Yerba Buena Islands Market Rate Rental Housing between the Treasure Island Development Authority and the John Stewart Company, a California corporation.

BACKGROUND:

At its January 20, 1999 meeting the Treasure Island Development Authority (the "Authority") Board of Directors ("Authority Board") approved a Sublease, Development, Marketing and Property Management Agreement (the "Original Agreement") with the John Stewart Company ("JSCo") for the market rate rental housing on Treasure and Yerba Buena Islands. The Original Agreement was approved by the City's Board of Supervisors on February 22, 1999. The Authority Board and the Board of Supervisors also approved five subsequent amendments to the Original Agreement between August, 2000 and October, 2009.

On April 21, 2011, the Authority Board approved the DDA between the Authority and Treasure Island Community Development LLC ("TICD" or "master developer"). On June 7, 2011, the Board of Supervisors approved the DDA, which became effective on July 14, 2011. Under the Third Amendment to the Original Agreement, the scheduled term of the Original Agreement expired on the effective date of the DDA but has continued thereafter on a month-to-month holdover basis.

In March of 2013 the Authority Board directed Project Office staff to solicit a new sublease and management agreement for market rate rental housing on Treasure and Yerba Buena Islands, and a Request for Proposals ("RFP") for a new Sublease and Property Management Agreement was issued on March 7, 2014. The deadline for responses the RFP was April 18, 2014 and only one response was received, submitted by JSCo. JSCo's submittal was deemed complete and responsive to the RFP by Project Office staff.

The United States Navy (the "Navy") Master Lease with the Authority for the market rate housing units expired in March of 2014 and is currently on a month-to-month holdover. Project Office staff anticipates entering into a new Master Lease with the Navy, that covers both the market rate housing on Treasure and Yerba Buena Islands, and the affordable housing located on Treasure Island, sometime late Fall of 2014, when the existing affordable housing master lease expires and the Navy issues a new Finding of Suitability to Lease (FOSL) for the residential housing areas.

There are currently 472 leasable market rate units in the housing inventory on Treasure Island. There are three separate schedules that may impact the remaining term of the residential leasing program for the existing residential units at Treasure Island:

- The schedule for the Navy's transfer of the land on which the housing resides to TIDA;
- The schedule for the master developer's completion of infrastructure and lots for new vertical housing development, both for housing to be completed by market rate developers and for housing to be completed by the Authority; and
- The schedule for the Authority's completion of replacement housing for qualifying existing residents on lots prepared by the master developer and given to the Authority for this housing.

The schedule for the Navy clean-up and transfer of the residential area on Treasure Island calls for Site 12 (the location of the housing on Treasure Island) to be offered for transfer by the Navy to the Authority on or before December 31, 2021. The Authority has 60 days to accept the transfer, making March 1, 2022 the anticipated date of Authority ownership of Site 12 (assuming there are no delays in the transfer schedule due to the Navy's remediation activities or otherwise).

The Navy transfer, however, will not terminate the Authority leasing program on Site 12. This leasing must continue until the Authority has developed replacement units on Treasure Island to accommodate all existing pre-DDA tenants that wish to be relocated to a new housing unit on Treasure Island. Because the Authority housing will be built in stages over time, as Authority lots and funds become available from the remainder of the development in accordance with the DDA, the Authority will continue to lease some existing market rate residential units for at least ten (10) years and quite likely for several years thereafter. The developer anticipates that the full build out of the development will not be completed until 2030.

The Authority retains the right, however, throughout the term of the proposed new Sublease and Management Agreement, to remove existing residential units or direct that they remain vacant at any time. So, as new housing is developed and existing tenants are relocated, the Authority can (although is not required to) remove existing residential units from the portfolio.

Analysis and planning for ongoing maintenance to continue the residential unit's viable lifecycle is a necessary challenge. JSCo's existing knowledge base of the Treasure Island residential portfolio from both its initial development activities and ongoing maintenance of the units under the Original Agreement provides them a solid foundation to appropriately implement maintenance and repair plans for the continued viability of the existing residential units.

Under the Agreement, JSCo will be responsible for, among other things, maintaining and repairing the housing portfolio; hiring third party contractors, as needed; managing the subtenant application, screening, subleasing and contract compliance processes;

performing tenant relocations and assisting in the relocation process; working with tenant community groups to enhance the overall TI/YBI community experience; regularly appearing before the Authority Board to report on housing matters; managing, tracking, and regular reporting of rental revenue, revenue disbursement, and operating costs incurred.

The salient terms of the proposed Agreement include:

- 1.) **Effective Date:** Effective date of the Agreement shall be July 1, 2014 or, if later, the date of final Board of Supervisors approval of the Agreement.
- 2.) **Term:** The original Agreement Term is 7 years, or through June 30, 2021. An Extension Option allows JSCo to extend the Term, as to the entire Premises only, for an additional three (3) years commencing on the Expiration Date and ending June 30, 2024. JSCo may exercise the Extension Option at any time by written notice to the Authority delivered not later than one hundred eighty (180) days before the Expiration Date.
- 3.) **Premises** The Premises includes 472 units on Treasure Island, 84 units on Yerba Buena Island and associated backyards, common areas and off-street areas in the Treasure and Yerba Buena Islands residential areas, all as more specifically shown on Agreement Exhibit B. As noted above, the Authority has the right to reduce the number of units included at any time, as may be needed for the Navy's remediation or otherwise.
- 4.) **Management Fee:** The Management Fee paid to JSCo will be equivalent to 3% of Gross Revenues, derived from monthly leasing revenue collected by JSCo, not to exceed \$400,000 annually, with an allowable annual increase to the Management Fee to account for CPI.
- 5.) **Base Rent and Percentage Rent:** The Authority will receive an annual Base Rent of \$632,806, adjusted annually by CPI. After payment of the Base Rent and all Operating Expenses, the funding of required reserve accounts, and then payment of the JSCo Management Fee, the remaining monthly Net Revenue will be distributed between the Authority and JSCo as "Percentage Rent", with the Authority receiving 95% and JSCo receiving 5%. This is the same as the Original Agreement.

The Agreement is consistent with current City and County of San Francisco contractual requirements including, but not limited to, those addressing Local Hiring, Pesticide Prohibition, First Source Hiring Ordinance, Campaign Contribution Limitations and Wages and Working Conditions.

The TIDA Board of Directors unanimously approved Authority Board Resolution 14-22-06/14 at its June 11, 2014 meeting, approving the Agreement subject to approval of the Agreement by the Board of Supervisors.

RECOMMENDATION:

Approve the Sublease and Property Management Agreement for Treasure and Yerba Buena Islands Market-Rate Rental Housing between the Treasure Island Development Authority and the John Stewart Company.

Mirian Saez, Director of Island Operations

SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

Between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY
as Sublandlord

and

THE JOHN STEWART COMPANY, A CALIFORNIA CORPORATION
as Subtenant and Manager

For up to 556 Housing Units at Former Naval Station Treasure Island
San Francisco, California

July 1, 2014

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- EXHIBIT D-1 -COVER PAGE OF SEISMIC REPORT
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TREASURE ISLAND SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

THIS SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT (the "**Agreement**"), dated July 1, 2014, is by and between the Treasure Island Development Authority, a California nonprofit public benefit corporation (the "**Authority**" or "**Sublandlord**") and the John Stewart Company, a California Corporation ("**Subtenant**"). From time to time, the Authority and Subtenant together shall be referred to herein as the "**Parties**".

This Agreement is made with reference to the following facts and circumstances:

A. Former Naval Station Treasure Island (the "**Base**" or "**Property**") was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510 and its subsequent amendments, and is currently owned by the United States of America, acting by and through the Department of Navy ("**Master Landlord**" or "**Navy**"). The United States Department of Defense designated the City and County of San Francisco ("**City**") as the Local Redevelopment Authority ("**LRA**") responsible for the conversion of the Base under the federal disposition process.

B. In 1997, the Base closed and the Authority was created by the City to replace the City as the LRA and to serve as a single entity responsible for the reuse and development of the Base.

C. Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "**Act**"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base, and (ii) with respect to those portions of the Base which are former tide or submerged lands, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property.

D. In 1998, the San Francisco Board of Supervisors ("**BOS**") approved the designation of the Authority as a redevelopment agency with powers over Treasure Island in Resolution No. 43-98, dated February 6, 1998. In 2012, by resolution No. 11-12, the BOS rescinded the designation of the Authority as a redevelopment agency under California Community Redevelopment Law, but such rescission did not affect the Authority's status as the LRA for Treasure Island or the tidelands trust trustee for the portions of Treasure Island subject to the tidelands trust, or any of the other powers or authority of the Authority. In 1999, the Navy and the Authority entered into a master lease dated March 17, 1999, with the associated estoppel certificate addressed to Subtenant (the "**Master Lease**"), as amended, a copy of which is attached hereto as Exhibit A. This Agreement shall be subject and subordinate to the Master Lease, as it may be amended from time to time. The Authority intends to negotiate a new master lease with the Navy. Upon completion, the Authority shall replace the Master Lease attached as Exhibit A with the new master lease and make any conforming changes to the section cross references in this Agreement.

E. The Authority began subleasing at market rates a portion of the former military housing now known as the Villages at Treasure Island through a lease with the John Stewart Company (the "**Original Villages Lease**"), and directly leasing space at the Base to a variety of commercial tenants. Upon the Effective Date of this Agreement, the Original Villages Lease will terminate.

F. There are approximately 1,000 units of housing on the Base, 904 on Treasure Island and 96 on Yerba Buena Island (the "**Base-Wide Housing Units**"). Approximately 578 of

the Base-Wide Housing Units, as shown on Exhibits B (the "**Rentable Units**") are currently leased to residential sub-tenants of Subtenant ("**residential tenants**"), and will be managed and maintained under the terms and conditions of this Agreement in order to generate revenues for the operation and improvement of the Base.

G. Pursuant to the Federal Base Closure Community Redevelopment and Homeless Assistance Act of 1994, the Treasure Island Homeless Development Initiative ("**TIHDI**") and the City negotiated a Base Closure Homeless Assistance Agreement, as amended (the "**TIHDI Agreement**") and a revenue sharing and consent agreement (the "**TIHDI Sharing Agreement**"), under which TIHDI has the right to lease certain residential units at the Base (the "**TIHDI Units**") to assist homeless and formerly homeless individuals and families and to share in the collection of certain revenues at the Base in furtherance of its mission. Copies of these agreements are held by the Authority and have been delivered to Subtenant. Subtenant will be required to work in concert with TIHDI, as set forth in this Agreement.

H. In 2003, after a competitive bid process, the Authority Board selected Treasure Island Community Development, LLC ("**TICD**") as the proposed master developer of the Base. In 2011, the Authority and TICD entered into a Disposition and Development Agreement ("**TICD DDA**") and other transaction documents relating to the reuse and development of the Base (the "**Project**"). During the term of this Agreement, TICD and the Authority intend to implement the Project. Part of that implementation will require the relocation of residential tenants in accordance with the Transition Housing Rules and Regulations, as amended (the "**THRRs**"), attached hereto as Exhibit C.

I. On March 7, 2014, the Authority issued a Request for Proposals ("**RFP**"), soliciting interest from qualified entities to provide the services under this Agreement. Subtenant was selected, and following a duly noticed public hearing, this Agreement was approved by the Authority Board of Directors by Authority Board Resolution No. _____ and subsequently by the City's Board of Supervisors by Board of Supervisors Resolution No. _____

NOW THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the Authority and Subtenant hereby agree as follows:

1. PREMISES

1.1. Premises. Subject to the terms, covenants and conditions of this Agreement, the Authority hereby subleases to Subtenant, and Subtenant hereby accepts from the Authority, the premises, as more particularly described in Exhibit B (the "**Premises**"), together with reasonable rights of ingress and egress to and from the Premises. The Navy has issued a Finding of Suitability to Lease ("**FOSL**") all of the Premises, and TIHDI has consented to Subtenant's use of any TIHDI Units that are a part of the Premises as set forth in the TIHDI Sharing Agreement.

1.2. As Is Condition of Premises.

(a) Subtenant Investigation. Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through Subtenant's agents, affiliates, subsidiaries, licensees, contractors, subcontractors, and each of the persons acting by, through or under each of them, and their respective, legal representatives, successors and assigns ("**Subtenant's Agents**") of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant has determined, based on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges that it has received, reviewed and understands of the Seismic Report and the Structural Report referenced in below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

(b) As Is; Disclaimer of Representations. Without limiting any of the Authority's obligations herein, Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, including the use, occupancy, management, operation and possession of the Premises ("**Laws**"). Subtenant acknowledges and agrees that the Premises, as renovated, must comply with the Federal Government's FEMA-178 seismic life safety standard as the same exist as of the date hereof Subtenant acknowledges and agrees that, except as expressly provided herein, neither the Authority nor any of the Authority's agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns ("**Authority's Agents**") have made, and, without limiting any of its obligations hereunder, the Authority hereby disclaims, any representations or warranties, express or implied, concerning (i) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report or the Structural Report, (ii) the quality, nature or adequacy of any utilities serving the Premises, (iii) the safety of the Premises, whether for the use of Subtenant, Subtenant's Agents, or any clients, customers, vendors, invitees, guests, or licensees of Subtenant, including residential tenants ("**Subtenant's Invitees**"), or (iv) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) Seismic Report and Structural Report. Subtenant expressly acknowledges for itself and Subtenant's Agents that it has received and read, and has had an adequate opportunity to review with expert consultants of its own choosing, the following: (i) that certain report dated August 1995, entitled "Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions." prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "**Seismic Report**"), a copy of the cover page of which is attached hereto as Exhibit D-1; and (ii) that certain Treasure Island Study, Seismic Evaluation of the 1440 Series Housing prepared by SOH and Associates, dated May 20, 1996, a copy of the cover page of which is attached hereto as Exhibit D-2 (the "**Structural Report**").

2. COMPLIANCE WITH MASTER LEASE

2.1. The Authority's Compliance with Master Lease. The Authority shall not do or permit to be done anything or fail to perform any obligation that would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord. The Authority shall not amend or modify the Master Lease in any material respect without Subtenant's prior written consent.

(b) The Authority intends to negotiate a new master lease with the Navy. Upon completion, the Authority shall replace the Master Lease attached as Exhibit A with the new master lease and make any conforming changes to the section cross references in this Agreement.

(c) The Authority shall keep Subtenant reasonably informed of any proposed material changes to the Master Lease during negotiations with the Navy and shall provide a copy of the final master lease before execution. If the new master lease contains revisions that materially negatively impact Subtenant, including a change that will likely impact Subtenant's ability to

receive the Management Fee set forth in this Agreement, Subtenant shall notify the Authority of same and the parties shall meet and confer in good faith for a period of not less than 30 days to determine how to proceed in light of the proposed revisions to the Navy master lease. If the parties are not able to agree on how to proceed and the new master lease includes provisions that materially negatively impact Subtenant (as compared to the existing Master Lease), then the parties shall refer the matter to nonbinding mediation as set forth in Section 8.6. If the parties are not able to reach agreement following mediation (or if the agreement is not approved by the Authority's Board of Directors or Subtenant's Board of Directors), and the Authority is unwilling to make revisions reasonably requested by Subtenant to reflect Subtenant's reasonable concerns regarding the negative impacts of the master lease revisions on Subtenant, then Subtenant shall have the right to terminate this Agreement, without penalty, upon one hundred eighty (180) days written notice to the Authority.

2.2. Subtenant's Compliance with Master Lease. Subtenant shall not do anything, permit anything to be done by its Agents or Invitees or fail to perform any obligation that would constitute a violation or a breach of any of the terms, conditions or provisions of Sections 4, 6.3, 8.1, 9, 11, 12.2, 12.6, 13 (other than 13.9 and 13.12), or 18.1 through 18.1.5 of the Master Lease.

2.3. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Agreement shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Agreement, except for liabilities and obligations which expressly survive termination of this Agreement and except as provided in Sections 21 and 22. As set forth in the Master Lease, the Navy has the right to remove some or all of the Premises, including Rental Units, from the Master Lease. Accordingly, for purposes of this Section, the Master Lease shall be treated as terminated for the period, and with respect to the Rentable Units, that the Navy requires to be terminated or evacuated pursuant to Section 15 of the Master Lease.

2.4. Purchase of Premises by Authority. If the Authority acquires all, or any portion of, the Premises from the Master Landlord, this Agreement shall automatically become a direct lease of such portion of the Premises from the Authority to the Subtenant on the same terms and conditions as set forth herein. The Authority shall use good faith efforts to enforce, for the benefit of Subtenant, to the extent of Subtenant's interest in the Premises under this Agreement, all representations, warranties, indemnities and similar rights given by the Master Landlord to the Authority in connection with such acquisition.

3. TERM

3.1. Term of Agreement. The Premises are subleased for a term (the "**Term**") commencing on the date (the "**Commencement Date**") which is the latest of the dates on which (a) the Parties hereto and the Master Landlord have duly executed and delivered this Agreement, (b) the effective date of an Authority Board resolution approving this Agreement, in its sole discretion, and (c) the effective date of a City Board of Supervisors resolution approving this Agreement, in its sole discretion. The Term shall expire on the date that is seven (7) years after the Commencement Date (the "Expiration Date"), unless sooner terminated or extended pursuant to the terms of this Agreement. The Authority shall deliver to Subtenant a notice substantially in the form of Exhibit E to confirm the actual Commencement Date and the Expiration Date, but the Authority's failure to do so shall not affect the commencement or expiration of the Term.

3.2. Extension Option. The Authority grants to Subtenant an option to extend the Term as to the entire Premises only (the "**Extension Option**") for an additional three (3) years (the "**Extension Term**") commencing on the Expiration Date. Subtenant may exercise the Extension Option at any time by written notice to the Authority delivered not later than one hundred eighty (180) days before the Expiration Date. If an event of default by Subtenant is

outstanding hereunder either at the time of Subtenant's exercise of the Extension Option or at any time before the first day of the Extension Term (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), then the Authority may elect by notice to Subtenant to reject Subtenant's exercise of the Extension Option, whereupon the previously delivered exercise notice shall be null and void. If Subtenant elects to exercise the Extension Option, then the lease for the Extension Term shall cover the entire Premises and shall be upon all of the terms, covenants and conditions of this Agreement, and all references to the Term shall then include the Extension Term.

4. WORK TO BE COMPLETED BY SUBTENANT

4.1. Scope of the Work. The existing Rentable Units are shown in Exhibit B. The Authority shall have the right to add additional rentable units to the Premises at any time, and upon such addition, the Parties shall update Exhibit B to include the added units. Upon any such addition and upon any vacancy of a Rentable Unit, Subtenant shall promptly perform the standard work required to prepare the Rentable Unit for occupancy, and cause the Rentable Unit to be in a condition consistent with the other Rentable Units in the Premises (the "**Work**"). The standard work shall be generally approved by the Authority's Director of Island Operations (the "**Director**") from time to time, and shall be consistent with the Capital Budget (as defined in Section 4.2). Subtenant shall perform the Work in a good and workmanlike fashion and in accordance with applicable Laws. The Rentable Units shall at all times remain the property of the Authority during the Term and, as any improvements or renovations are completed, title to such improvements and renovations shall automatically vest in the Authority and be leased to Subtenant under this Agreement.

4.2. Cost of the Work. The estimated cost of the Work during each calendar year of the Term shall be shown in a budget prepared by Subtenant and approved by the Director (the "**Capital Budget**"). The Capital Budget for the first year of the Term is attached hereto as Exhibit F. Subtenant and the Director shall meet and confer to review the Capital Budget and the anticipated monthly renovation costs from time to time, and Subtenant shall inform the Director if it determines that the Capital Budget or the standard renovation cost must be increased to perform any Work. Subtenant must first obtain the written approval of the Director before performing any renovation that exceeds the standard renovation amounts approved by the Director, and before performing any Work during a calendar year that exceeds the amount set forth in Capital Budget for that year. Subtenant shall notify Director promptly upon any determination that the total cost of the Work paid to date together with the cost of Work reasonably anticipated to be incurred for the remainder of the year will exceed the total Capital Budget for that year.

4.3. Election Not to Proceed with Renovations. If Subtenant cannot perform any Work with respect to some or all of the Rentable Units or Buildings because the cost of the Work exceeds funds available under the Capital Budget, then Subtenant shall provide the Authority with written notice of such fact, which notice shall identify the Work that will not be performed and the estimated cost of such Work. In no event will Subtenant be required to perform Work for which funds are not available in the Capital Budget.

4.4. Construction of Other Alterations. Other than the Work, Subtenant may not and shall not be obligated to, construct, install, make or permit to be made any alterations, installations or additions ("**Alterations**") in, to or about the Premises, without the Director's prior written consent in each instance. Notwithstanding the foregoing, Alterations do not include and no such consent shall be required for maintenance and repair activities that are (i) required or contemplated hereunder, (ii) do not affect any structural portions of the Premises and (iii) are

within any cost limitations otherwise provided herein or in any Annual Operating Budget (as defined in Section 12.2). All Alterations shall be done in accordance with plans and specifications reasonably approved in advance by the Director in writing, by duly licensed and bonded contractors or mechanics approved by the Director, in a good and professional manner, in compliance with all applicable Laws (including the payment of prevailing wages), and subject to all other conditions that the Authority may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Base, or any portion thereof, or the Authority's or Master Landlord's access thereto. Before the start of any Alterations, Subtenant shall procure all required permits and approvals and shall, upon request, promptly deliver copies of such documents to the Director. No material change from the plans and specifications approved by the Director may be made without the Director's prior consent. The Authority and the Authority's Agents shall have the right to inspect the work and construction at all times, provided such inspection and site visits shall not unreasonably disturb or interfere with the work or the residential tenants.

4.5. Ownership of Alterations. Except for Subtenant's Personal Property (as defined in Section 4.7), or as may be specifically provided to the contrary in this Agreement, all appurtenances, fixtures, improvements, equipment, additions, and other properly attached or affixed to or installed in the Premises at the Commencement Date or during the Term, including, without limitation, the Work and any other Alterations, shall be and remain the Authority's or the Master Landlord's property, as the case may be. Subtenant may not remove any such property at any time during or after the Term, unless replaced with property of at least comparable quality and utility, without the Director's prior written consent.

4.6. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment installed in the Premises by or for the account of Subtenant, that have not been paid for by the Authority through the use of Gross Revenues or otherwise, and that can be removed without structural or other material damage to the Premises (all of which are herein called "**Subtenant's Personal Property**") shall be and remain the property of Subtenant and may be removed by Subtenant subject to the provisions of Section 27. All property acquired with Gross Revenues, including any vehicles, will be transferred to the Authority upon the termination or expiration of this Agreement, and Subtenant agrees to provide a bill of sale or other evidence of the transfer of ownership upon request. The provisions of this Section shall survive the expiration or termination of this Agreement.

5. USE

5.1. Subtenant's Permitted Use. Subtenant shall use the Premises to operate, maintain, repair, and manage the Premises for residential housing in accordance with this Agreement, and for no other purposes.

5.2. No Unlawful Uses, Nuisances or Waste. Subtenant shall not use any portion of the Premises in any unlawful, illegal, offensive, noisy or hazardous manner (together, "**Nuisances and Hazards**") and shall use commercially reasonable efforts to prevent Subtenant's Invitees from committing any Nuisances and Hazards. Subtenant shall eliminate any Nuisances and Hazards relating to its activities and shall use commercially reasonable efforts to eliminate any Nuisances and Hazards related to the activities of Subtenant's Invitees.

5.3. Signs. Subtenant agrees that it will not erect or maintain, or knowingly permit to be erected or maintained, any signs, notices or graphics upon or about the Premises that are visible in or from any common areas of the Premises or from the exterior of the Rentable Units, without the Director's prior written consent.

5.4. Zoning. The Authority represents and warrants that, to the best of its knowledge, there currently exist no zoning or other Laws that would materially adversely affect Subtenant's use of the Premises as contemplated under this Agreement.

5.5 Covenant of Quiet Enjoyment; Ingress and Egress. Subject to the requirements of the Master Lease and the Navy's ongoing remediation, the Authority covenants and agrees that it shall not directly or indirectly interfere with or deprive Subtenant or Subtenant's Agents or Invitees of (i) their quiet enjoyment of the Premises for the uses permitted under this Agreement or (ii) reasonable ingress and egress to and from the Premises.

6. SUBTENANT'S MARKETING RESPONSIBILITIES

6.1. Marketing. Subtenant shall market the Rentable Units in accordance with industry custom and the Management Plan, and as otherwise directed by the Authority.

7. SUBTENANT'S LEASING AND RELOCATION RESPONSIBILITIES

7.1. Leasing. After Subtenant has completed the Work with respect to any given Rentable Units, Subtenant shall use commercially reasonable efforts to promptly enter into Rental Agreements (as defined in Section 7.3) with qualified residential tenants for such Rentable Units in accordance with the Marketing Plan. The Director may instruct Subtenant to keep Rentable Units vacant at any time so as to provide for available Rental Units to implement tenant relocations under the THRRs or to cooperate with the Navy's remediation program.

7.2. Application Process and Screening. Subtenant shall screen prospective residential tenants applications by applying customary credit and tenancy standards, all in accordance with the Marketing Plan. As set forth in Section 34.1, Subtenant shall not discriminate in the leasing of Rentable Units on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes. In addition, in the operation of the Project and the rental of any Rentable Units, the Subtenant shall not discriminate against prospective residential tenants using Section 8 certificates or vouchers or other tenant-based rental assistance, or other sources of income. Subject to the terms of Section 6.2, Subtenant shall also insure that Resident Tenant selection is carried out objectively and in accordance with industry standards.

7.3. Rental Agreements. Subtenant shall enter into rental agreements with all residential tenants in substantially the form of the rental agreement attached hereto as Exhibit G, as the same may be amended from time to time with the approval of the Director (the "**Rental Agreements**").

(a) All Rental Agreements shall be on a month-to-month tenancy, and subject to termination without cost or liability upon any termination of the Master Lease. All new rental agreements shall include a waiver of relocation rights and, where applicable, an acknowledgment of a tenant's post-DDA status per the THRRs. The Rental Agreements shall also include a waiver of any claims against Subtenant, the City and the Authority for any failure in the delivery of utility services.

(b) Subtenant shall be responsible for enforcing and shall take commercially reasonable actions to enforce the terms and conditions of all Rental Agreements, including, without limitation, (i) the collection of all such rents when due, (ii) the preparation and delivery to residential tenants of any appropriate late payment, default or other notices, (iii) the

conducting of exit interviews and walk-throughs, and (iv) the prompt collection and timely disbursement of all security deposits. Without violating any privacy or other applicable Laws, Subtenant shall use commercially reasonable efforts to insure that all residential tenants comply with the terms and conditions of their respective Rental Agreements.

(c) Subject to Section 6.3, Subtenant shall receive complaints and use commercially reasonable efforts to resolve any complaints, disputes or disagreements by and between Subtenant and one or more residential tenants. Subtenant may retain counsel, collection agencies, and other such persons and firms as Subtenant shall deem appropriate (with the costs there of being included as an Operating Expense, subject to the overall Annual Operating Budget limitations) to enforce by legal action the rights and remedies of the Subtenant against any residential tenant in default in the performance of any of its obligations under a Rental Agreement, including, without limitation, taking action to terminate or evict any residential tenant where sufficient cause for such termination or eviction exists under the terms of such residential tenant's Rental Agreement.

7.4. Rental Rates. The rental rates for all Rentable Units have been set by the Authority at the rates described on the Rental Rate Schedule attached hereto as Exhibit H (the "**Approved Rates**"). The Approved Rates shall increase each year in amount determined by the Authority, with such permitted increases being assessed under the Rental Agreements. The rental rates may not be changed from the Approved Rates without the prior written consent of the Authority, except upon any vacancy, the Director and Subtenant may agree in writing to increase or decrease the rental rate of any Rentable Unit by no more than fifteen percent (15%) of the rental rate for such Rentable Unit provided for in the Approved Rates.

7.5. Grievance Procedures. Subtenant shall notify applicants of their eligibility status and advise any rejected or ineligible applicant of their right to appeal by providing them with a copy of the Grievance and Appeal Procedure that is a part of the Marketing Plan.

7.6 Relocation of Tenants. Subtenant shall perform all work, in cooperation with the Authority, required to relocate residential tenants in accordance with the THRRs. All such relocations shall be done in close coordination with the Authority, and all costs incurred by Subtenant in connection with such relocations shall be approved Operating Expenses.

8. MANAGEMENT, MAINTENANCE AND REPAIR RESPONSIBILITIES

8.1. General Maintenance and Repair Obligations. Except as specifically provided herein, and to the extent consistent with the spending limitations imposed by any Annual Operating Budget, Subtenant assumes full and sole responsibility for the condition, operation, repair, maintenance and management of the Premises and shall keep the Premises in a good condition and in a manner otherwise reasonably acceptable to the Authority. Subject to Section 8.3 and the spending limitations set forth in any Annual Operating Budget, Subtenant shall make all routine repairs and replacements, interior and exterior, foreseen and unforeseen, that are necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair for safe and sanitary residential housing. Notwithstanding anything to the contrary contained herein, (a) Subtenant shall have no responsibility for maintaining, repairing or in any way managing any streets, curbs, or sidewalks included within and around the Premises (other than any incidental cleaning of sidewalks needed as a result of Subtenant's responsibility for the adjacent grass areas), except as may be mutually agreed to between the Subtenant and the Authority, (b) Subtenant shall have no responsibility for maintaining, pruning or clearing any trees or brush subject to Fire Department mandated tree trimming and brush clearance on Yerba Buena Island, and (c) upon the request of the Authority, and subject to the prior approval of the Director and Subtenant following a determination of the cost, Subtenant shall perform maintenance and repair on Treasure Island and Yerba Buena Island

inside or outside the Premises that would otherwise be the obligation of the Authority (the "Added Work"). For any Added Work performed by Subtenant, the Authority shall pay to Subtenant the actual cost incurred by Subtenant for the Added Work, together with a negotiated management fee, agreed to by the Parties in writing, to cover Subtenant's administrative expenses and insurance (which management fee will be paid in the same manner that the Management Fee is paid under Section 13.1(d)).

8.2. Routine Maintenance and Repair. Without limiting the generality, but subject to the limitations of Section 8.1 and to the extent consistent with spending limitations imposed by any Annual Operating Budget, Subtenant's maintenance and repair responsibilities shall include without limitation cleaning, painting, plumbing, carpentry, grounds care and such other routine maintenance and repairs as may be reasonably necessary to meet the maintenance standards described in Section 8.1. In performing these functions, Subtenant shall:

(a) Receive and investigate all requests for maintenance and repair from residential tenants and cause such routine repairs to be promptly and professionally completed when appropriate and warranted in accordance with the standards set forth in this Agreement.

(b) Annually develop and implement a preventive maintenance schedule taking into account the remaining anticipated life of the Rental Units. The preventive maintenance schedule shall be presented to the Authority for its reasonable approval together with each year's Annual Operating Budget.

(c) Contract with qualified independent contractors, paying prevailing wages, for the maintenance and repair of items that is not performed by regular maintenance employees. Subtenant shall consult with the Director on which work items may be performed by Subtenant's maintenance employees and which work items should be performed by third party contractors.

(d) Inform all residential tenants of the procedures to obtain maintenance and repair services during and after normal office hours, and in cases of an emergency.

(e) Maintain a log book containing reports of all service requests and maintenance repairs provided, copies of which shall be subject to periodic inspection by the Authority.

(f) Purchase all materials, equipment, tools, and appliances, supplies and services necessary to ensure proper maintenance and repair of the Premises.

(g) Maintain all landscaping, grounds and common areas for the Premises.

(h) Provide pest control services within the Premises as needed and use commercially reasonable efforts to keep the Premises reasonably free of pests at all times.

(i) Contract for rubbish collection with an entity permitted by the City or the Authority and use commercially reasonable efforts to (i) ensure that the Premises are reasonably free from rubbish, debris and refuse at all times, and (ii) encourage maximum waste diversion consistent with City policies.

8.3. Unanticipated and Emergency Maintenance and Repairs. Subtenant shall perform all repairs that are necessary to avoid the suspension of necessary services to the Premises (other than utility services described in Section 10.1), or as otherwise needed to comply with the general maintenance and repair obligations described above, even though such repairs that are not included in an Annual Operating Budget, but only to the extent the costs of such repairs can be paid (and are paid) from funds in the Replacement Reserve Account and Subtenant receives the Director's prior consent as described in Section 11.3. Notwithstanding the foregoing, except

as provided in the next sentence, Subtenant shall make all repairs that are immediately necessary for the preservation or protection of the Premises or the safety of residential tenants or other persons in or on the Premises ("**Emergency Repairs**"), without the Authority's prior approval and without limitation as to cost and regardless of whether there are adequate funds available in the Replacement Reserve Account for such repairs; provided, however, that in each such instance Subtenant shall, before causing any such Emergency Repairs to be made, use commercially reasonable efforts to notify the Director of the emergency situation and obtain the Director's approval of such Emergency Repairs. Subtenant has no obligation to make or cause to be made any such repairs during the final year of the Term in excess of the greater of \$100,000 and the amount in the Replacement Reserve. Subtenant's reasonable costs of any such Emergency Repairs shall automatically be reimbursed from the Replacement Reserve Account, to the extent of the amounts therein, and any excess shall be deemed an approved Operating Expense under Section 12.1. If Subtenant must advance funds under the preceding sentences, then Authority shall reimburse Subtenant therefore if and to the extent there are sufficient Gross Revenues through the remaining Term to do so.

8.4. Security. Subject to the spending limitations contained in any Annual Operating Budget, Subtenant shall provide private, on-site, licensed, qualified security personnel to the Premises that are reasonably satisfactory to Authority as budgeted in each Annual Operating Budget. Without limiting the Authority's rights under this Agreement, the Authority agrees that it will not sue Subtenant for any action taken or failed to be taken by such security personnel, except to the extent caused by the negligence or willful misconduct of Subtenant.

8.5. Subtenant's Responsibility for Utility Facilities. Subtenant's responsibility for the repair and maintenance of water, electric, gas and sewer utility facilities relating to the Premises are limited to those as set forth in Section 2(a) of Exhibit I.

8.6. Management Fee. For performance of its management, maintenance and repair obligations under this Agreement, provided that no Subtenant Default has occurred and is continuing, Subtenant shall be entitled to receive from available Gross Revenues (in the order of priority described in Section 13, a management fee (the "**Management Fee**"), payable on the tenth (10th) day of each month, equal to three percent (3%) of Gross Revenues, up to a maximum of Four Hundred Thousand Dollars (\$400,000) per year, which maximum shall be revised annually on the anniversary of the Commencement Date to reflect increases in the Index described in Section 15.2. If, at any point, the number of Rentable Units is reduced to below Two Hundred Ten (210), Sublandlord and Subtenant shall meet and confer regarding establishing a new Management Fee structure or amount that is intended to maintain the benefit of the bargain of the parties (i.e., Subtenant receives a rational and fair fee in light of reduced number of units and revenues and will not reasonably be expected to advance its own funds to pay required Operating Expenses), given the totality of the circumstances that then exist and that led to the reduction in the number of Rental Units. If Sublandlord and Subtenant are unable to agree upon a new Management Fee, then either party may initiate mediation, as follows:

(a) Either or both of the parties may request the initiation of mediation by delivering a written request for mediation ("Mediation Request") to the other party. The Mediation Request must (1) include a brief summary of the issue and the proposed new Management Fee, and (2) list at least two neutral mediators who are acceptable to the requesting party for mediation. Within five business days after the requesting party's delivery of a Mediation Request, the responding party must deliver a response to the Mediation Request ("Mediation Response"), which must (a) include a responding proposal for a new Management Fee and any other issues deemed relevant by the responding party, and (b) state whether any of the neutral mediators listed in the Mediation Request are acceptable and, if none are, then the Mediation Response must list at least 2 additional neutral mediators who are acceptable to the responding party. Within ten calendar days after delivery of the Mediation Response, the parties will attempt in

good faith to agree upon a neutral mediator to preside over the mediation. If the parties are not able to agree upon a neutral mediator within ten calendar days after delivery of the Mediation Response, the parties must apply to AAA or JAMS for selection of a neutral mediator. The mediator must be a person knowledgeable in real estate professional services and management, and must have no current involvement with either party, unless agreed to by the parties with full disclosure. The parties will share equally in the cost of any mediation.

(b) In consultation with the parties, the mediator will fix the date, time, and place of the mediation session. The mediation may be held at any convenient location agreeable to the parties and the mediator in San Francisco. Mediation must be completed within 30 days following selection of the mediator. Both parties must attend the mediation session. The mediator will work with both parties to present a fair Management Fee that maintains the benefit of the bargain in light of the reduced number of units. The recommendation of the mediator shall not be binding on the parties. Any communication between a party and the mediator must be in writing or held during the mediation session, and shall include the other party.

(c) If the parties reach agreement on the proposed new Management Fee structure or amount, then they shall each seek necessary approvals for an amendment to this Agreement to reflect the new Management Fee structure or amount. For the Authority, any such amendment shall be approved by the Authority's Board of Directors and shall not require approval of the City's Board of Supervisors or Mayor.

(f) If the parties are not able to reach agreement following mediation (or if the agreement is not approved by the Authority's Board of Directors or Subtenant's Board of Directors), then Subtenant shall have the right to terminate this Agreement, without penalty, upon one hundred eighty (180) days written notice to the Authority.

8.7. Base Repair and Maintenance. The Authority covenants to use good faith efforts to enforce the repair, maintenance and similar provisions of its sublease with TIHDI and to maintain the exterior of all other residential units and associated grounds on the Base, which the Navy leases to the Authority but are not Premises hereunder, to generally the same level as Subtenant is required to repair and maintain the Premises.

9. EMPLOYEES AND INDEPENDENT CONTRACTORS

9.1. On-Site Office. In performing its obligations under this Agreement, Subtenant shall establish and maintain at all times during the Term a management office (and separate property maintenance, storage and service space) at the Premises responsible for overseeing all of Subtenant's management, maintenance, leasing, and other operational obligations under this Agreement. The management office shall be located in Suite 161 at Building One on Treasure Island, and the property maintenance, storage and service space shall be located at Building 264 on Treasure Island and Subtenant shall pay rent for such spaces at the monthly rates set forth in the Authority's Subleasing Policy. The Authority shall have the right to relocate the management office, with not less than 30 days prior written notice, to alternative space in Building One that is reasonably comparable in size and quality, at no cost to Subtenant.

9.2. Personnel. In performing its obligations under this Agreement, Subtenant shall, consistent with the spending limitations contained in each Annual Budget, hire, employ and/or assign experienced, qualified residential real estate marketing, leasing, maintenance, repair, management and any other persons necessary or advisable for the proper operation of the Project, as determined by Subtenant in its reasonable discretion. Any such persons shall be employees or contractors of the Subtenant, and not the Authority or the City. Subtenant shall direct and supervise all employees, contractors or agents in the performance of their duties under this Agreement. Subtenant shall use due care in the selection of personnel it hires or employs to

perform Subtenant's management responsibilities under this Agreement. The number of employees, their job descriptions and salaries, shall be determined by Subtenant in its sole discretion based on the provisions of the management plan attached as Exhibit J (the "**Management Plan**") and consistent with any spending limitations imposed by any Annual Operating Budget. All such personnel shall be hired, supervised, and discharged by Subtenant and Subtenant shall pay all wages and other benefits properly payable to any employees hired in connection with the Project, maintain adequate payroll records, remit to the proper authorities all required income and social security withholding taxes, unemployment insurance and workers compensation payments, and such other amounts with respect other wages or benefits of employees of Subtenant working on or with the Project as may be required by Laws or this Agreement.

10. AUTHORITY'S SERVICE OBLIGATIONS

10.1. Utilities.

(a) Standard Utilities and Services. The Authority shall use good faith efforts to provide or cause to be provided to the Premises the gas, electricity, water, and sewage services and facilities described in Exhibit I (the "**Standard Utilities and Services**"), consistent with the Authority's obligations under the Caretaker Agreement with the Navy for so long as it remains in effect and subject to Subtenant's obligations under Section 8.5. Subtenant acknowledges that the utility systems on the Base are old, and that continuous service cannot be guaranteed. As such, the Authority shall have no liability under this Agreement for the failure of any utility service. All amounts due and owing for the Standard Utilities and Services shall be paid by Subtenant from Gross Revenues as an approved Operating Expense at the rates set forth in Exhibit I, as the same may be updated from time to time by the Authority (the "**Utility Fees**"). For any increase in Utility Fees, the Authority shall determine whether such increase will be passed through to residential tenants in the form of an increase in rent or as a separate utility charge, or paid out of available funds in the Operating Budget.

(b) Other Services. The Authority shall use good faith efforts to provide standard telephone, trash, disposal and cable services to the Premises. Any Subtenant costs for such services will be deemed approved Operating Expenses.

(c) Correction. Upon the loss of any service under this Section 10.1, the Authority shall use good faith efforts to promptly commence action to restore such services within 60 hours of notice of such failure. But failure to provide any such service shall not be an Authority default under this Agreement. Any claims by residential tenants at the Premises relating to failures of utility services, if successful, will be paid as an approved Operating Expense.

10.2 Street Services. The Authority shall be responsible for street, sidewalk and street lighting maintenance and repair to all current and future sidewalks (other than any incidental cleaning of sidewalks needed as a result of Subtenant's responsibility of the adjacent grass areas), curbs, streets and roads included within the Premises, including any required handicap accessibility, provided nothing in this Agreement shall obligate the Authority to comply with specific State or local codes or standards.

10.3 Police and Fire. The Authority shall provide to the Base a 24-hour security presence at an entry check point to the Premises on Treasure Island (whose actions shall be limited to those permitted by Law), and reasonable (taking into account the location and intended use of the Premises) police and fire services (the "**Public Protection Services**"). Subtenant agrees that it will not sue the Authority for any action taken or failed to be taken in connection with such Public Protection Services. The Authority shall be responsible for all maintaining,

pruning and clearing of any trees or brush on Yerba Buena Island required by Fire Department mandated tree trimming and brush clearance rules.

10.4 Other Portion of the Base Lease to the Authority. The Authority or its subtenants (but not Subtenant) shall be solely responsible for and shall take reasonable actions to secure and make safe those portions of the Base not comprising the Premises which are leased to the Authority by the Master Landlord, and shall make reasonable efforts to mitigate any attractive nuisances thereon.

10.5 Force Majeure. The time for the Authority's performance of its obligations under this Section 10 shall be extended by one day for each during which the Authority or its Agents are unable to perform such obligation due to any Force Majeure Event.

11. ACCOUNTS

11.1. General Operating Account. Subtenant shall credit to a separate general operating account (the "**General Operating Account**") all revenues from whatever source received from the operation of the Premises, including (i) all rent received from residential tenants, including late fees and interest charges, if any, (ii) the gross amounts of all deposits forfeited by residential tenants, (iii) all charges or collections made by Subtenant from residential tenants for the rendering of any service in connection with Premises, (iv) any and all ancillary or collateral fees collected from residential tenants or other third Parties related to Subtenant's use of the Premises (together, "**Gross Revenues**"), other than the security deposit payments to be deposited into the Security Deposit Account described in Section 11.2 .

11.2. Security Deposit Account. Subtenant shall deposit all security deposits collected in accordance with the Residential Agreements in a separate Security Deposit Account established for the benefit of the Authority, Subtenant and residential tenants. Funds deposited in the Security Deposit Account may only be disbursed to pay the costs permitted under the Rental Agreements, including any unpaid rent, damage, or unreasonable wear and tear caused by a residential tenant, or to reimburse the General Operating Account for payment of these costs, or to return to the residential tenant upon vacancy the portion of the security deposit to which it is entitled. In collecting, handling, and disbursing these funds, Subtenant shall comply with the requirements of applicable Law, including California Civil Code Section 1950.5 and Business and Professions Code Section 10145.

11.3. Replacement Reserve Account. Subtenant shall maintain a replacement reserve account (the "**Replacement Reserve Account**"). Subtenant shall deposit into the Replacement Reserve Account on a monthly basis from available Gross Revenues in the order of priority set forth in Section 13 an amount equal to \$20 per Rentable Unit up to a maximum contribution of One Thousand Dollars (\$1,000) per Rentable Unit or such alternative amount as determined by the Director from time to time following consultation with Subtenant. As funds are disbursed from the Replacement Reserve Account, Subtenant shall replenish the Replacement Reserve Account at the rate set forth above. Subtenant shall make disbursements from the Replacement Reserve Account to perform permitted repairs and maintenance to the Rentable Units and to perform any Emergency Repairs as set forth in this Agreement. Disbursements from the Replacement Reserve Account in excess of Twenty Five Thousand Dollars (\$25,000) per calendar quarter shall require the prior written approval of the Director, which approval shall not be unreasonably withheld or delayed. The process by which Subtenant shall request and Director shall approve or disapprove disbursements from the Replacement Reserve Account shall be consistent with the HUD guidelines for repairs and replacement. Upon the termination of this Agreement, all funds remaining in the Replacement Reserve Account shall be paid to the Authority.

11.4 Criteria for Project Accounts. The General Operating Account, the Replacement Reserve Account and the Security Deposit Account shall be held in federally insured accounts reasonably acceptable to the Director.

12. PAYMENT OF OPERATING EXPENSES

12.1. Payment of Operating Expenses. Subtenant shall pay all Operating Expenses for the Premises, including Base Rent, from available Gross Revenues, or, if Gross Revenues are not available, up to a maximum at any one time of Five Hundred Thousand Dollars (\$500,000) from its own funds, in the order of priority set forth in Section 13. To the extent included in an Annual Operating Budget approved by the Authority, "**Operating Expenses**" shall mean all direct, reasonable and customary operating and maintenance expenses incurred in the operation, leasing, marketing and maintenance of the Premises as required hereunder, including (i) reasonable salaries or other compensation due and payable to employees or agents of Subtenant described in any Management Plan, (ii) expenses for the repair and maintenance of the Premises, including common areas and or common facilities included in the Premises, (iii) reasonable and customary fees and expenses of legal and accounting professionals incurred by Subtenant in connection with the operation and maintenance of the Premises, including any evictions and relocations of residential tenants, and (iv) any other costs included in an Annual Operating Budget approved by the Authority. Notwithstanding the foregoing, "Operating Expenses" shall also include the following expenses even if such expenses are not included in an Annual Operating Budget approved by the Authority: (a) expenses incurred by Subtenant or the Authority as a result of environmental contamination of the Premises that are not paid by the Navy under the Section 330 Indemnity (as defined in Section 24.3), except to the extent such expenses are caused by the negligence or willful misconduct of Subtenant or the Authority, or their Agents, respectively, (b) all common area maintenance charges assessed by the Authority Agreement (the "**CAM Charges**"), (c) the Utility Fees, (d) all Taxes due and owing under Section 16, (e) payroll and withholding taxes and social security payments due and payable in connection with employees described in any Management Plan, (f) the costs of the insurance required under Section 25, except with respect the insurance described in Sections 25. 1(c) and (e) which must be approved in the Annual Operating Budget be included, (g) the costs of complying with Laws and regulatory requirements as provided below, (h) the actual costs of the liabilities or costs described herein as approved Operating Expenses including those expenses so described in Sections 6.3, 8.3, 8.6, 10.1, 12.1, 14.3, 17.1, 18.1(a), 18.2, 22. 1(d), and 24.3, and (i) Base Rent, as reduced by any off-set permitted under this Agreement. Additionally, with respect to cost and expense items that are incurred less frequently than monthly (e.g., property taxes and insurance), each month's Operating Expenses and Budget shall include one-twelfth (1/12) of the annual amounts expected to be expended on such items and Operating Expenses shall be adjusted to reflect the amount actually paid at the end of each year, or when otherwise directed by the Director.

(a) If, at any point, Subtenant must incur Operating Expenses in excess of One Hundred Thousand Dollars (\$100,000) from its own funds, Subtenant and Authority shall meet and confer regarding potential actions to prevent Subtenant from needing to incur additional out-of-pocket expenses.

12.2. Annual Operating Budget. Subtenant shall prepare and submit an annual operating budget to the Authority for its approval by the first day of the eleventh full month of the Term or such other date as agreed to by the Director, and by the same date of each subsequent calendar year during the Term, covering the following 12-month period (upon approval, the "**Annual Operating Budget**"). The Annual Operating Budget shall set forth, on an annual and monthly basis, anticipated Gross Revenues, a detailed estimate of anticipated Operating Expenses, and a pro forma budget showing distributions in the order of priority shown

in Section 13. The Annual Operating Budget for the first year and any partial initial month of this Agreement is attached hereto as Exhibit F. Each subsequent Annual Operating Budget shall be in substantially the same form as the Annual Operating Budget approved for the prior year. Subtenant shall not, without the Director's prior written consent (and when given shall be deemed an amendment to the Operating Budget), incur costs in any calendar month that exceed the Operating Expense budget for such month by more than five percent (5%) (treating amounts paid less frequently than monthly, as accruing evenly over the appropriate period), or for any year, that exceed the Operating Expense budget for such year by more than five percent (5%).

12.3. Bids, Discounts, Rebates, and Commissions. Subtenant shall use commercially reasonable efforts to obtain contracts, materials, supplies, and services on the most advantageous terms available to Subtenant and shall, whenever practicable, solicit three (3) bids for each major item or service required. Subtenant shall secure and credit to the General Operating Accounts all discounts, rebates, or commissions obtainable with respect to purchases, service contracts, and all other transactions related to this Agreement.

12.4 No Authority Liability. Under no circumstance shall the Authority be liable for the payment of any Operating Expenses.

13. DISBURSEMENTS

13.1. Allocation of Gross Revenues. Subtenant shall, by the twentieth (20th) day of each month, disburse Gross Revenues not previously disbursed (calculated as of the last day of the prior month and, to the extent amounts are not or cannot be disbursed until the calculations for such month have been made hereunder, but are disbursed after such calculation is made, such disbursement shall be treated as made at the end of such month), in the manner and in the following order of priority:

(a) Base Rent. Gross Revenues shall first be disbursed to pay the Authority all Base Rent due and owing as provided in Sections 15.1 and 15.2 or used to reimburse Subtenant for advances made to pay such Base Rent during the current month.

(b) Operating Expenses. Then, to the extent available, Gross Revenues shall be disbursed, from time to time, to pay all Operating Expenses or to reimburse Subtenant for advances made to pay Operating Expenses incurred, together with interest on such advances at the Prime Rate as published in the Wall Street Journal as of the date of such advance, as provided in Section 12.

(c) Funding of Replacement Reserve Account. Then, to the extent available, remaining Gross Revenues in the amount required by Section 11.3 shall be deposited into the Replacement Reserve Account.

(d) Management Fee. Then, to the extent available and if a Subtenant Default has not occurred and is not continuing, remaining Gross Revenues shall be disbursed to pay Subtenant the Management Fee described in Section 8.6.

(f) Percentage Rent. Then, all Gross Revenues remaining after the payment of the expenses and the other fees and items described in Sections (a)-(d) above ("**Net Revenues**") shall be paid as follows: ninety-five percent (95%) shall be paid to the Authority as Percentage Rent, and the remaining five percent (5%) shall be retained by the Subtenant.

Notwithstanding anything to the contrary set forth above, during the last year of the Term, if and to the extent Subtenant has incurred any Operating Expenses which have not yet been reimbursed to Subtenant from Gross Revenues, then such reimbursements shall be made to

Subtenant from available Gross Revenues until reimbursed in full before any payment of Base Rent to Sublandlord.

14. BOOKS, RECORDS AND REPORTS

14.1. Books and Records. Subtenant shall establish and maintain books, records and systems of account reflecting all business operations of Subtenant under this Agreement, including, but not limited to, resident and project files, general ledgers, invoices, canceled checks, payroll records, and contracts (the "**Books and Records**").

14.2. Monthly Reports. Promptly after the close of each month but no later than 20 days after such date, Subtenant shall deliver to the Authority a monthly report on a form acceptable to Authority. Such report shall be certified as true and correct in all material respects by Subtenant and shall include: (i) a statement of Gross Revenues for the preceding month, specifically and separately identifying the sources of such revenue, (ii) an itemized statement of actual Operating Expenses, (iii) a statement of Net Revenues, (iv) a list of all Residential Leases that have been entered into during the preceding calendar month, including the building number of each of the Rentable Units rented, the classifications of the residential tenants and the applicable rental rate, and (v) such other information as the Authority may reasonably require.

14.3. Subtenant's Annual Audit. Annually during the Term of this Agreement, within sixty (60) days of the end of the Authority's fiscal year, Subtenant shall arrange for an audit of the Books and Records by an independent certified public accountant approved by the Director. Subtenant shall pay all costs and expenses associated with the annual audit, the reasonable costs of which shall be deemed Operating Expenses. Such audit shall cover the previous 12-month period. Subtenant acknowledges that a primary purpose of such audit shall be to enable Subtenant and the Authority to clearly and accurately determine the nature and amount of Gross Revenues, Operating Expenses and Net Revenues and to verify the amount of Percentage Rent due and payable to Authority and to otherwise determine the accuracy of the Books and Records. Subtenant shall deliver an original, signed copy of each such annual audit to the Director by the earlier of (a) thirty (30) days after the completion of such audit or (b) if possible using commercially reasonable efforts, 120 days after the end of the 12-month period covered by such audit.

14.4. Periodic Audits and Inspections of Records. After providing Subtenant with 48 hours prior written notice and only during regular business hours, and subject to any privacy or other limitations imposed by applicable Laws, the Authority, its representatives or an independent auditor may audit, examine and make excerpts, copies and transcripts from the Books and Records and all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. The Authority may perform such audit at any time and from time to time during the Term or for a period of five (5) years thereafter. If the Authority's audit shows that there is a deficiency in the payment of any Rent or other amounts to be credited to the Authority, the deficiency shall become immediately due and payable to the Authority. The costs of any periodic audit shall be paid by the Authority unless the audit shows that Subtenant understated Rent or other amounts due by more than five percent (5%) for the entire period being audited, in which case Subtenant shall pay all of the Authority's reasonable costs of the audit.

14.5 Transfer of Records and Accounts. Within five (5) working days after the termination or expiration of this Agreement, (i) all resident and project files, general ledgers, invoices, payroll records and contracts related to this Agreement, and all other Books and Records reasonably requested by the Authority, subject to any privacy or other limitation imposed by applicable Laws, shall be deemed to be the property of the Authority and shall be

delivered to the Authority, and (ii) all cash, bank accounts, and trust accounts that are property of the Authority must be accounted for in writing and turned over to the Authority.

15. RENT

15.1. Base Rent. Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to the Authority, base rent in the amount of Six Hundred Thirty Two Thousand Eight Hundred and Six Dollars (\$632,806) per year, subject to the adjustment set forth in Section 15.2 and offsets and adjustments as expressly provided in this Sublease (the "**Base Rent**"). Base Rent shall be payable in twelve (12) equal consecutive monthly payments on the first day of the Term (for any partial first-month and the first full month) and on or before the first business day of each month thereafter. Notwithstanding the foregoing, Subtenant shall have no obligation to pay the Authority Base Rent if and for so long as Master Landlord, the City or the Authority, after the receipt of written notice thereof and the expiration of the cure periods described in Section 21.2, materially hinders or prevents Subtenant from performing its obligations under this Agreement, except to the extent such hindrance or obstruction is caused by Subtenant.

15.2. Adjustments in Base Rent. On the first anniversary of the Commencement Date, and each anniversary thereafter (each, an "**Adjustment Date**"), the Base Rent payable hereunder shall be adjusted as follows (each adjustment a "**CPI Adjustment**"):

(a) The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("**Index**") published most immediately preceding the Adjustment Date ("**Adjustment Index**"), shall be compared with the Index published most immediately preceding the prior Lease Year ("**Prior Index**").

(b) If the Adjustment Index has increased over the Prior Index, the Base Rent payable on and after the Adjustment Date shall be set by multiplying the then Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Prior Index. In no event shall the monthly Base Rent on or after the Adjustment Date be less than the monthly Base Rent in effect immediately before the Adjustment Date.

(c) If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

15.3. Percentage Rent. In addition to Base Rent, Subtenant shall pay to the Authority as percentage rent the amounts set forth in Sections 13.1(f) (collectively, the "**Percentage Rent**", and together with Base Rent and other dues due under this Agreement, "**Rent**"). Percentage Rent shall be due and payable to the Authority from available Gross Revenues in arrears (based on the amount of Percentage Rent due for the immediately preceding month) on the twentieth (20th) day of each month.

15.4. In-Kind Rent. Upon the Director's request, Subtenant may also pay to the Authority "In-Kind Rent" in the form of the renovations of and improvements to the Premises, to the extent such renovations or improvements are not paid from Gross Revenues. Any In-Kind Rent shall be deemed paid by Subtenant when Subtenant performs the work to the Director's satisfaction and provides appropriate evidence of the cost of such work, consistent with pre-

approved estimated amounts. Upon the Director's approval of the work and the cost amount, Subtenant shall receive a credit against Base Rent otherwise due and owing under this Agreement in the amount approved by the Director. All renovations and improvements made to the Premises as payment of In-Kind Rent shall immediately become the property of the Master Landlord, subject to the leasehold interest of the Authority, as set forth in the Master Lease, and shall also immediately, without further action on the part of either the Authority or the Subtenant, become part of the Premises.

15.5 Method of Payment of Rent. All Rent payable by Subtenant to the Authority shall be paid without prior demand and without any deduction, setoff or counterclaim whatsoever, except as specially provided in Section 15.8(a) and, except for In-Kind Rent, shall be paid in cash or by good cashier's or certified check to the Authority at the primary address for Authority specified in Section 33.1 or such other place as the Authority may designate in writing. If the Commencement Date occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

15.6. Late Charge. If Subtenant fails to pay any Rent due and owing the Authority within ten (10) days after the due date, such unpaid amount will be subject to a late payment charge equal to five percent (5%) of the unpaid amount in each instance. The late payment charge has been agreed upon by the Authority and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that the Authority will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult to determine. The late payment charge constitutes liquidated damages to compensate the Authority for its damages resulting from such failure and Subtenant shall promptly pay such amount to the Authority together with the unpaid amount.

15.7. Default Interest. If Subtenant fails to pay any Rent due and owing the Authority within ten (10) days after the due date, such unpaid amount shall also bear interest from the due date until paid at the rate of nine percent (9%) per year (the "**Default Rate**"). However, interest shall not be payable on late charges nor on any amounts if and to the extent such payment would cause the total interest to be in excess of that which is lawful to charge. Payment of interest shall not excuse or cure any default by Subtenant.

15.8. No Right to Repair and Deduct. Except as specifically provided in Section 15.8(a), Subtenant expressly waives the benefit of any existing or future Law that would otherwise permit Subtenant to terminate this Agreement because of the Authority's failure to keep the Premises or any Parties thereof in good order, condition or repair. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Agreement.

(a) Permitted Offsets against Base Rent. Notwithstanding the foregoing, Subtenant may offset the following sums against its obligation to pay Base Rent:

(i) Any increase in the amount of the CAM Charge payable by Subtenant after the Effective Date of this Agreement. The Parties hereby acknowledge and agree that for the purposes of this Sublease, the Parties will treat the rates used by the Authority to calculate the CAM Charge as \$50.37 per unit per month. The Parties hereby acknowledge that CAM Charge payable hereunder shall be subject to annual adjustment to increase CAM Charge by three percent (3%).

(ii) Except to the extent paid by Authority pursuant to Section 22.2(c), after the expiration of any applicable notice and cure periods (except in the event of an emergency as determined by Subtenant where prior notice by Subtenant is impractical), the reasonable costs of providing the services the Authority is obligated to provide under Sections 10.1, 10.2 or 10.3; provided, however, nothing herein shall imply any duty of Subtenant to do any act that the Authority is obligated to perform under any provision of this Agreement, and Subtenant's performance of such obligations of the Authority shall not constitute a waiver of any of Subtenant's rights or remedies under Section 22.2.

(iii) If Subtenant is required by any third Parties with jurisdiction to (x) reduce the rental rates payable by the residential tenants from those set forth in any Rental Rate Schedule approved by the Authority and Subtenant (other than as provided in Section 7.4) for non-economic reasons or (y) provide rent preferences other than those set forth in the Marketing Plan, then the economic effect of such reductions and preferences, if any, shall be borne by the Authority by reducing Base Rent by the amount of such economic effect.

(iv) All costs directly related to a material breach by the Authority of its obligations under Section 18.2(b).

16. TAXES, ASSESSMENTS AND OTHER EXPENSES

16.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) Payment Responsibility. During the Term, Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, exercises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises (collectively, "**Taxes**"). Subtenant shall make all such payments directly to the charging authority when due and payable and prior to delinquency. However, with respect to real property or possessory interest Taxes levied on or assessed against the Premises for which the Authority receives the tax bill directly from the taxing authority, Subtenant shall reimburse the Authority for payment of such sums promptly upon written demand accompanied by (i) a copy of the relevant bill or tax statement and (ii) evidence of payment in full of such Taxes by the Authority. The amount of all such Taxes paid by the Subtenant shall automatically be deemed an approved Operating Expense.

(b) Taxability of Possessory Interest. Without limiting the foregoing, Subtenant recognizes and agrees that this Agreement may create a possessory interest subject to property taxation.

(c) No Tax Liens. Subtenant shall not allow or suffer a lien for any Taxes to be imposed upon the Premises or upon any equipment or other property of Subtenant located thereon and shall discharge the same prior to delinquency; provided however that Subtenant shall have the right to contest any such taxes so long as Subtenant posts with the taxing authority any bond or other security required thereby.

(d) Reporting Information. Subtenant agrees to provide such information as Authority may reasonably request to enable the Authority to comply with any possessory interest tax reporting requirements applicable to this Agreement.

16.2 Evidence of Payment. Subtenant shall, upon the Authority's request, furnish to the Authority official receipts or other evidence of the payment of Taxes.

17. LIENS AND ENCUMBRANCES

17.1. Mechanics Liens. Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. If Subtenant does not, within twenty (20) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, the Authority shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by the Authority and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable by Subtenant to the Authority upon demand. To the extent such expenses would otherwise constitute payment for the Work or Operating Expenses, such expenses (but not, for example, the Authority's attorneys' fees related to the release of any such mechanic's lien) shall be included as cost of the Work or Operating Expenses. The Authority shall have the right at all times to post and keep posted on the Premises any notices that the Authority reasonably deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens.

17.2 Encumbrances by Subtenant. Subtenant shall not, without the prior written consent of the Authority, create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset (an "**Encumbrance**") as security in any manner against the Premises or Authority's or Subtenant's interest under this Agreement. If the Authority consents to any such Encumbrance, it shall, in connection therewith, enter into an agreement with the holder of such Encumbrance that includes customary and reasonable subordination, non-disturbance and attornment provisions and customary and reasonable mortgagee protection provisions.

18. COMPLIANCE WITH LAWS

18.1. Compliance with Laws. In performing its obligations under this Agreement and in its use of the Premises, Subtenant shall at all times use and maintain the Premises in compliance with all applicable Laws, including any applicable prevailing wage laws and disability access laws; provided, however, Subtenant is not responsible (a) for the streets, roads, sidewalks and curbs contained in and around the Premises complying with any law or (b) for any tree trimming or brush clearance within the Premises contained on Yerba Buena Island mandated by the Fire Department. Without limiting the Authority's obligations under this Agreement, or its responsibility for failure to satisfy those obligations, no occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant the right to seek redress against the Authority for failing to comply with Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel the Authority to make repairs or improvements to comply with any Law. Nothing herein is intended to limit the Authority's responsibility for the consequences of its failure to comply with Laws or its obligations under this Agreement.

(a) Approved Expense. The costs of Subtenant's compliance with Section 18.1 shall be deemed an approved Operating Expense (except as expressly provided to the contrary in this Agreement).

(b) No Special Laws. Other than compliance with the FEMA-178 seismic standard as required in this Agreement (which the Parties acknowledge and agree is different than the seismic safety Laws applied by the City in the City), the Authority shall not directly or indirectly require Subtenant to comply with any Laws not otherwise applicable to comparable projects in the City. If the City imposes any Laws on the Project not otherwise applicable to comparable

projects in the City, the incremental costs of complying with such Laws shall be either an Operating Expense or an off-set against Base Rent.

(c) Streets and Trees. The Authority shall be responsible for (a) compliance with Laws regarding the maintenance and repair of streets, roads, sidewalks and curbs contained in and around the Premises and (b) maintaining, pruning and clearing of any trees and brush on Yerba Buena Island required by the Fire Department mandated tree trimming and brush clearance rules.

18.2. Regulatory Approvals.

(a) Responsible Party. Subtenant understands and agrees that Subtenant's use of the Premises and construction of the Work and any other Alterations may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. To the extent such approvals or permits are required, Subtenant shall be solely responsible for obtaining any and all such regulatory approvals. Subtenant shall not seek any regulatory approval not contemplated in this Agreement without first obtaining the written consent of Authority. Subtenant shall bear all costs (which costs shall be deemed approved Operating Expenses) associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and, except as expressly set forth herein, shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be timely and promptly paid by Subtenant and shall be deemed Operating Expenses except to the extent such fines arise from Subtenant's negligence or willful misconduct. In any event, the Authority shall have no liability, monetary or otherwise, for any such fines or penalties.

(b) The Authority's Efforts. The Authority shall cooperate with Subtenant in Subtenant's efforts to obtain all required regulatory approvals and to expedite any required City approvals, including the issuance of all required certificates authorizing occupancy of Rentable Units. Notwithstanding the foregoing, Subtenant acknowledges and agrees that the Authority is entering into this Agreement in its capacity as a holder of leasehold and proprietary interests in the Premises and not as a regulatory agency with police powers. Nothing in this Agreement shall limit in any way Subtenant's obligation to obtain any required approvals from City departments, boards or commissions having jurisdiction over the Premises. This Section does not modify or limit Subtenant's obligation to comply with Section 18.1.

18.3. Compliance with Authority's Risk Management Requirements. Subtenant shall not take any action, and shall use commercially reasonable efforts to prevent residents from doing anything, that would create any unusual fire risk in or around the Premises. Subtenant shall use commercially reasonable efforts to protect the Authority from any potential premises liability with respect to any Work or Alteration performed by or for Subtenant. Subtenant shall comply with any and all requirements of any policies of insurance for the Premises.

19. DAMAGE OR DESTRUCTION

19.1. Damage or Destruction to the Premises Covered by Required Insurance. In the case of damage to or destruction of all or any portion of the Premises or damage to, destruction of (or other limitation on the use of) the roads or the bridge providing ingress and egress to the Premises that materially adversely affects the intended use of such Premises ("**Damage**") that is covered by the insurance required under Section 25 (the "**Required Insurance**"), except as provided in the next sentence, this Agreement shall continue and Subtenant shall use the proceeds of any such Required Insurance to, with reasonable promptness and diligence, restore, repair, replace or rebuild those portions of the Premises so damaged (the "**Damaged Premises**")

to comparable condition, quality and class as the Damaged Premises were in immediately before such casualty ("**Repair**"). Notwithstanding the foregoing, if (i) the Damage to the Premises or certain Rentable Units occurs during the last 2 years of the Term, (ii) certain of the Rentable Units have been Damaged to an extent such that such Rentable Units would need to be demolished and rebuilt, (iii) the Damage cannot reasonably be repaired within 12 months, or (iv) applicable Laws, such as the public trust for commerce, navigation and fisheries, prohibit the Repair, Subtenant may elect (by providing the Authority with written notice thereof within 30 days of the Damage) not to Repair such Damage, in which event this Agreement shall terminate with respect to such portion of the Damaged Premises or such Rentable Units and all applicable insurance proceeds shall be distributed as set forth in Section 19.1(a). In addition, the Authority may determine that any Damage shall not be Repaired for any reason, in which case the insurance proceeds shall also be distributed as set forth in Section 19.1(a).

(a) Insurance Distribution. If Subtenant is not required to Repair all or a portion of such Damaged Premises or the Authority determines not to authorize such Repair as set forth above, the proceeds of any Required Insurance allocable to such Damaged Premises shall be disbursed as follows: first, to Subtenant in an aggregate amount equal to any earned but undisbursed Management Fees and Marketing and Leasing Fees due to Subtenant, and then the remainder to the Authority.

19.2. Damage or Destruction to the Premises Not Covered by Required Insurance. In the case of Damage that is not covered by the Required Insurance, or to the extent that the costs to Repair the Damage would exceed the available insurance proceeds, Subtenant shall, to the extent funds are available in the Replacement Reserve Account, and subject to the Director's consent as provided in Section 11.3, use such funds to Repair any Damage. Notwithstanding the foregoing, nothing herein shall obligate Subtenant to expend any funds other than funds available in the Replacement Reserve Account or insurance proceeds to Repair Damage.

19.3. Rental Abatement. In the event of Damage, Subtenant's obligation to pay Base Rent to the Authority shall be proportionately reduced by an amount equal to the result obtained by multiplying the total amount of Base Rent then due and owing by a fraction, the denominator of which shall be the total number of Rentable Units and the numerator of which shall be the number of Rentable Units affected by the Damage (the "**Abatement**"); provided, however, the proceeds of any rental interruption insurance shall be treated as Gross Revenues hereunder. The Abatement shall continue until Subtenant completes the Repair (or the Damage of Access to the Premises is otherwise repaired). If Subtenant is not required to repair such Damage under Section 19.1 or 19.2 and this Agreement terminates with respect to such portion of the Premises or such affected Rentable Units, the Abatement shall continue for the remainder of the Term.

19.4. Waiver. The Parties understand and agree that the foregoing provisions of this Section 19 are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and the Authority and Subtenant each hereby waives and releases any right to terminate this Agreement in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

20. ASSIGNMENT AND SUBLETTING

20.1 Restriction on Assignment and Subletting. The services to be performed by the Subtenant under this Agreement are personal in character. Accordingly, except as provided in Section 17.2, Subtenant shall not assign this Agreement nor any duties or obligations hereunder, either voluntarily or by operation of law, or sublet any portion of the Premises (other than the Rental Agreements), unless the Authority first approves such assignment or subletting by written

instrument, which approval may be given or withheld in the Authority's sole and absolute discretion. Any purported assignment or sublet in violation of these restrictions shall be void.

21. DEFAULT

21.1 Events of Subtenant Default. Any of the following shall constitute an event of default by Subtenant under this Agreement ("**Subtenant Defaults**"):

(a) Rent and Payment Responsibilities. Any failure to pay Rent, the CAM Charges, the Utilities Charges, Taxes, or any other sums due and payable by Subtenant, where such failure continues for a period often (10) days following receipt by Subtenant of written notice from the Authority.

(b) Covenants Conditions and Representations. Any failure of Subtenant to perform or comply with any other covenant, condition or representation of Subtenant made under this Agreement, provided that Subtenant shall have a period of thirty (30) days from the date of receipt by Subtenant of written notice from the Authority specifying such failure within which to cure such failure or, if such failure is not reasonably capable of cure within such 30-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant takes action to cure such default within such period and thereafter diligently prosecutes the same to completion.

(c) Assignment; Insurance. Any attempt by Subtenant to assign any material rights or obligations under this Agreement without the Authority's consent as provided herein, or any failure by Subtenant to maintain any insurance required hereunder, which failure is not cured by Subtenant within seven (7) days of Subtenant's receipt of written notice of such failure.

(d) Bankruptcy. The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted (provided that with respect to any receiver appointed or any involuntary proceeding commenced against Subtenant, a Subtenant Default shall not be deemed to have occurred unless Subtenant has failed to have such receiver discharged or such proceeding dismissed within seventy-five (75) days.

21.2. Authority Default. Any failure of the Authority to perform or comply with any covenant, condition or representation of the Authority made under this Agreement shall be deemed a default by the Authority (an "**Authority Default**"), provided that the Authority shall have a period of thirty (30) days from the date of receipt of written notice from Subtenant of such failure within which to cure such Authority Default, or, if such Authority Default is not reasonably capable of cure within such 30-day period, the Authority shall have a reasonable period to complete such cure if the Authority takes action to cure such Authority Default within such period and thereafter diligently prosecutes the same to completion.

22. REMEDIES

22.1 Authority's Remedies for Subtenant's Defaults. Upon the occurrence and continuing of a Subtenant Default, the Authority shall have the following rights and remedies in addition to all other rights and remedies available to Authority at law or in equity:

(a) Terminate Agreement and Recover Damages. The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the

Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. The Authority's efforts to mitigate the damages caused by a Subtenant Default shall not waive any right that the Authority may have to recover unmitigated damages upon termination.

(b) Appointment of Receiver. The right, upon application by the Authority, to have a receiver appointed for Subtenant to take possession of the Premises and to apply any rentals collected from the Premises to the Rent owing by Subtenant hereunder and to exercise all other rights and remedies granted to Authority pursuant to this Agreement.

(c) Forfeiture. The right to cancel Subtenant's right to lease any portion of the Premises.

(d) Authority's Right to Cure Subtenant's Defaults. The Authority may (after the expiration of all applicable cure periods, except in the event of an emergency as reasonably determined by the Authority where prior notice by the Authority is impractical), remedy a Subtenant Default for Subtenant's account and at Subtenant's sole expense. Subtenant shall pay to the Authority, promptly upon demand, all sums reasonably expended by the Authority, or other reasonable costs, damages, expenses or liabilities incurred by the Authority, including reasonable attorneys' fees, in remedying or attempting to remedy such Subtenant Default. To the extent the sums reasonably expended by the Authority under this Section are for costs of the Work or for Operating Expenses (but not, for example, the Authority's reasonable attorney's fees), such amounts paid by Subtenant to the Authority shall be deemed approved costs of the Work or Operating Expenses, as applicable. Subtenant's obligations under this Section shall survive the expiration or termination of this Agreement. Nothing herein shall imply any duty of the Authority to do any act that Subtenant is obligated to perform under this Agreement, and the Authority's cure or attempted cure of a Subtenant Default shall not constitute a waiver of such Subtenant Default or any rights or remedies of the Authority on account of such Subtenant Default.

22.2 Subtenant's Remedies for Authority Default. Upon the occurrence and continuing of an Authority Default, Subtenant shall have the right to termination this agreement or sue for specific performance. In addition, Subtenant may remedy such Authority Default for Authority's account and at Authority's sole expense, but only to the extent of funds then available in the General Operating Account and the Replacement Reserve Account. In no event shall the Authority be responsible for any costs above the amount in such accounts on the date that the Authority Default is determined (i.e., the date that any applicable cure period has expired). Nothing herein shall imply any duty of the Subtenant to do any act that Authority is obligated to perform under this Agreement, and the Subtenant's cure or attempted cure of a default shall not constitute a waiver of such Authority Default or any rights or remedies of the Subtenant on account of such Authority Default. In no event shall the Authority be liable for any damages relating to an Authority Default.

23. RELEASE AND WAIVER OF CLAIMS

23.1 Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Authority shall not be responsible for or liable to Subtenant for, and, to the fullest extent permitted by law, Subtenant hereby waives all rights against the Authority and releases it from any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs (collectively, "Losses"), whether direct or indirect, known or unknown, foreseen and unforeseen, arising from or related to (i) the suitability of the Premises for Subtenant's intended

use or (ii) the physical or environmental condition of the Premises and any related Alterations or improvements, including, without limitation, any and all Losses arising from or related to an earthquake or subsidence.

(a) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Authority any claim, action or proceeding based upon any Losses of any nature whatsoever encompassed by the waivers and releases set forth in this Section. In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(b) Subtenant had made such investigation of the facts pertaining to these waivers and releases it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(c) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Authority for liabilities encompassed by the waivers and releases set forth in this Section. The Authority would not be willing to enter into this Agreement in the absence of the waivers and releases in this Section, and Subtenant expressly assumes the risk with respect thereto.

(d) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims that the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims encompassed by the waivers and releases set forth in this Section. Subtenant realizes and acknowledges that it has agreed upon this Agreement in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any expiration or termination of this Agreement.

(e) Without limiting its rights under Section 27, Subtenant acknowledges that it will not be a displaced person at the time this Agreement is terminated or expires by its own terms, and, without limiting the foregoing, Subtenant fully releases, waives and discharges forever any and all claims against, and covenants not to sue, the Authority or its Agents for claims for relocation benefits or assistance from the Authority under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.).

23.2 Covenant by the Authority Not to Sue. The Authority shall not directly or indirectly bring an action or proceeding, whether in a court of law or otherwise, against Subtenant with regard to the environmental conditions existing at the Base except to the extent that such condition is caused by a violation of Law by Subtenant or by Subtenant introducing Hazardous Material (as defined herein) to the Base.

24. INDEMNIFICATION

24:1 Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall indemnify, protect, reimburse, defend and hold harmless forever ("**Indemnify**" or "**Indemnity**" as the context requires) the Authority and the Authority's Agents from and against

any and all Losses caused by acts or omissions of Subtenant or Subtenant's Agents or Invitees with respect to the Premises, or relating to the rehabilitation, use or occupancy of the Premises, including, without limitation, any accident, injury or death to any of Subtenant's Agent's or Invitees occurring on or about the Premises, except to the extent that (i) such Indemnity is void or otherwise unenforceable under any applicable Laws, (ii) such Losses are caused by the Authority, or (iii) such Losses are included within the Section 330 Indemnity.

The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and the Authority's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it is obligated to defend the Authority from any claim which falls within this Indemnity even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is properly tendered to Subtenant by the Authority. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Agreement.

24.2 Authority's Indemnity. Subject to the provisions of Section 22.2, the Authority, on behalf of itself and the Authority's Agents, shall indemnify Subtenant and Subtenant's Agents from and against any and all Losses caused by the sole negligence or willful misconduct of the Authority or the Authority's Agents except to the extent that (i) such Indemnity is void or otherwise unenforceable under any applicable Laws, or (ii) such Losses are included within the Section 330 Indemnity.

The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Subtenant's costs of investigating any Loss. The Authority specifically acknowledges and agrees that it is obligated to defend Subtenant from any claim which falls within this Indemnity even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is properly tendered to the Authority by Subtenant. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Agreement.

24.3 Master Landlord's Section 330 Environmental Indemnity. The Parties hereby acknowledge and agree that pursuant to Section 330 of Public Law 102-484, as amended, Master Landlord shall hold harmless, defend and indemnify (the "**Section 330 Indemnity**") the Authority and Subtenant from and against any suit, claim, demand, action, liability, judgment, cost or fee, arising out of any claim for personal injury or property damage (including death, illness, loss of or damage to property or economic loss) that results from, or is in any manner predicated upon, the release or threatened release of any hazardous substance, pollutant, contaminant, petroleum product, or petroleum derivative from or on the Premises as a result of Department of Defense activities at the Base, as set forth in the Master Lease. If Subtenant or the Authority incurs costs or other expenses due to Master Landlord's failure to satisfy its obligations under the Section 330 Indemnity, such costs or expenses shall automatically be deemed an Operating Expense and any subsequent recovery from the Master Landlord as a result of such failure shall be a Gross Revenue.

25. INSURANCE

25.1 Subtenant's Insurance. Subtenant shall procure and maintain throughout the Term for the mutual benefit of the Authority and Subtenant, and pay the cost thereof (as an approved Operating Expense, subject to the limits set forth in Section 12.1 and, if the limit is exceeded but not approved, such insurance need not be obtained by Subtenant), the following insurance:

(a) Professional Liability Insurance. Professional Liability insurance with limits not less than \$1,000,000 each claim and aggregate, including coverage for negligent acts, errors or

omissions arising out of professional services performed under this Agreement for architectural, engineering and geotechnical services, with any deductible not to exceed \$25,000 each claim.

(b) Property Insurance. Property insurance on an ISO "special form" (excluding earthquake and flood) with any exposures for reconstruction loss of rents up to 12 months included in the aggregate limit. The loss of rents coverage shall have a deductible of no more than \$5,000 per occurrence. The deductible will be no greater than \$50,000 per occurrence for property related losses only. Any vacancy clause will be waived or extended to no less than 180 days. The limit of coverage will be full replacement cost or a stop loss limit that covers at least 35% of the total insurable value of all covered Rentable Units.

(c) Environmental Pollution Insurance. Environmental Impairment Liability Insurance, with limits not less than \$5,000,000 each occurrence, including coverage for pollution or contamination, with any deductible not to exceed \$50,000 each occurrence.

(d) Commercial General Liability Insurance. Commercial General Liability Insurance shall be written on an occurrence and on a site-specific basis with coverage equal to or better than the ISO form CG-OOI. Primary limits shall be \$2,000,000 Combined Single Limit (CSL) per occurrence and \$5,000,000 aggregate. A deductible, per claim, of no greater than \$10,000 will be acceptable. Coverage should include within the policy limits: Personal Injury, Independent Contractors, Contractual liability, Products and Completed operations and a Severability of interests' clause. (Explosion, collapse and underground coverage shall not be excluded.) An excess policy increasing the total limit to \$10,000,000 will be required. Said excess policy may be an umbrella or a following form excess contract.

(e) Workers Compensation Insurance. Worker's compensation insurance with statutory limits as required by California law, and Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness.

(f) Automobile Liability Insurance. Automobile liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Subtenant uses or causes to be used automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under ISO F01111 Number CA-00-01.

(g) Watercraft and Aircraft Insurance. Should Subtenant operate or cause to be operated any aircraft or watercraft in performance of its activities under this Agreement, insurance for such operations, in amount, form and with insurers reasonably satisfactory to the Authority, shall be obtained, paid for, and maintained by Subtenant throughout such operations.

(h) Employee Fidelity Bonds. Fidelity bond insurance coverage for on-site employees with a \$1,000,000 limit and \$1,000 deductible.

25.2. General Requirements. All insurance provided for under this Agreement shall be effected under valid enforceable policies issued by insurers with ratings comparable to A-, VIII or higher that are authorized to do business in the State of California.

(a) Should any of the required insurance be provided under a claims made form, Subtenant shall maintain such coverage continuously throughout the Term and, without lapse, for a period of five (5) years beyond the expiration or termination of this Agreement, to the effect that, should occurrences during the Term give rise to claims made during the one year period after expiration or termination of this Agreement, such claims shall be covered by such claims made policies.

(b) All insurance policies shall be endorsed to provide the following:

(i) The Authority and the City shall be named as an additional named insured and loss payee on liability and property coverages as its interest may appear, if necessary. Subtenant shall be first named insured.

(ii) Any other insurance carried by the Authority, which may be applicable, shall be deemed excess insurance and Subtenant's insurance shall be deemed primary for all purposes. Subtenant's policies shall also provide for severability of interest provisions.

(iii) Thirty-day written notice of cancellation, non-renewal or material change in coverage shall be given to the Authority. Ten-day notice will be acceptable for notice of non-payment.

(iv) Upon request, Subtenant shall deliver to the Authority certificates, binders, or other satisfactory evidence of the insurance coverages required under this Agreement.

(c) On or before the Commencement Date, Subtenant shall deliver to Authority certificates of insurance and additional insured policy endorsements in form and with insurers satisfactory to Authority, evidencing the coverages required hereunder, and Subtenant shall provide Authority with certificates thereafter at least ten (10) days before the expiration dates of expiring policies. In the event Subtenant shall fail to procure such insurance, or deliver such certificates, Authority may, at its option, after providing five (5) days' prior written notice of the Authority's intention to do so, procure the same for the account of Subtenant and the cost thereof shall be paid to Authority within five (5) days after delivery to Subtenant of an invoice for such cost.

25.3. No Limitation on Indemnities. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease either the Authority's or Subtenant's indemnification obligations herein or any of the Authority's or Subtenant's other obligations or liabilities under this Agreement.

25.4. Subtenant's Personal Property. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.

25.5. Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, the Authority and Subtenant (each a "**Waiving Party**") each hereby waives any right of recovery against the other party for any loss or damage sustained by such other party with respect to the Premises, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by insurance which is required to be purchased by the Waiving Party under this Agreement or is actually covered by insurance obtained by a Waiving Party. Each Waiving Party agrees to cause its insurers to issue appropriate waiver of subrogation rights endorsements to all policies relating to the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

26. ACCESS BY AUTHORITY

26.1. Access to Premises by Authority.

(a) General Access. Without unreasonably interfering with the use and quiet enjoyment of the Premises by residential tenants, the Authority reserves for itself and the Authority's Agents, the right to enter the Premises and any portion thereof at all reasonable times for any purpose.

(b) Emergency Access. In the event of any emergency, as reasonably determined by the Authority, the Authority may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises so long as such alteration or removal is reasonably related to and necessary for remedying or properly responding to such emergency. The Authority shall have the right to use any and all means the Authority reasonably considers appropriate to gain access to any portion of the Premises in an emergency. In such case, to the maximum extent permitted by law, the Authority shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from all or part of the Premises.

(c) No Liability. The Authority shall not be liable in any manner, and Subtenant hereby waives any claims, for any Losses arising out of the Authority's entry onto the Premises, except for damage resulting from the negligence or willful misconduct of the Authority or the Authority's Agents, to the extent not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

26.2 Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

27. SURRENDER

27.1. Surrender of the Premises. Upon the expiration or earlier termination of this Agreement, Subtenant shall peaceably quit and surrender to the Authority the Premises together with the Work and Alterations in as good order and condition, subject to normal wear and tear and the provisions of Section 19 regarding casualty and taking into account the occupancy of the Rentable Unit, when surrendered. Normal wear and tear shall not include any damage or deterioration that would have been prevented had Subtenant properly performed its obligations under this Agreement. The Premises shall be surrendered free and clear of all liens and encumbrances arising out of Subtenant's acts other than liens and encumbrances approved by the Authority and rights of residential tenants in Rentable Units occupied at the end of the Term, if any. Immediately before the expiration or termination of this Agreement, Subtenant shall remove all of Subtenant's Personal Property as provided in this Agreement and repair any damage resulting from such removal. Subtenant's obligations under this Section shall survive the expiration or termination of this Agreement. Any items of Subtenant's Personal Property remaining in the Premises after the expiration or termination of this Agreement may, at the Authority's option, be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Law. The Authority agrees to assume all Rental Agreements at the end of the Term, entered into by Subtenant in conformity with this Agreement. In no event is Subtenant required to evict a residential tenant who has executed a Rental Agreement in conformity with this Agreement at the end of the Term.

28. HAZARDOUS MATERIALS

28.1 No Hazardous Materials. Except as shown on Exhibit K or in a Work Plan or the Management Plan approved by the Authority, Subtenant covenants and agrees that Subtenant shall not, and shall take commercially reasonable efforts to ensure that Subtenant's Invitees do not, cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises in violation of Environmental Laws (as defined herein) without the prior written approval of the Authority. The Authority may from time to time reasonably request Subtenant to provide adequate information for the Authority to determine whether any Hazardous Material permitted hereunder is being

handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises ("**Environmental Laws**"), and Subtenant shall promptly provide all such information reasonably requested. The Authority and the Authority's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). As used herein "**Hazardous Material**" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (also commonly known as CERCLA), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code, any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code, and any asbestos and asbestos containing materials and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids.

28.2 No Releases. Subtenant shall not, and Subtenant shall use commercially reasonable efforts to ensure that Subtenant's Invitees do not, cause any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("**Release**") of Hazardous Material in, on, under or about the Premises. Subtenant shall immediately notify the Authority if and when Subtenant has actual knowledge that there has been a Release of Hazardous Material in, on or about the Premises and shall afford the Authority a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

28.3 Subtenant's Environmental Indemnity. Without limiting Subtenant's general Indemnity contained in Section 24.1, if Subtenant fails to perform any of its obligations contained in Section 28.1 or 28.2, Subtenant shall Indemnify the Authority and the Authority's Agents from and against any and all Losses arising under or related to such failure, including, without limitation Losses related to (i) enforcement, investigation, remediation or other governmental regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws, (ii) claims by any third party against the Authority or the Authority's Agents relating to damage, contribution, cost recovery compensation, loss or injury, (iii) investigation and remediation costs, fines, natural resource damages, the loss or restriction of the use or any amenity of the Premises or the Base and reasonable attorneys' fees and consultants' fees and costs, and (iv) all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, and expressly excluding any Losses to the extent covered by the Section 330 Indemnity or caused by the Authority, its Agents or Invitees. All costs paid by Subtenant under this provision as a result of acts or omissions by Subtenant's Invitees shall be deemed an approved Operating Expense unless caused by Subtenant's gross negligence or willful misconduct.

28.4 No Hazardous Materials. The Authority covenants and agrees that the Authority and the Authority's Agents shall not, and shall take reasonable efforts to ensure that Authority's Invitees do not, cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises in violation of Environmental Laws.

28.5 No Releases. The Authority and Authority's Agents shall not, and Authority shall use reasonable efforts to ensure that the Authority's Invitees do not, cause any Hazardous Material Release in, on, under or about the Premises. The Authority shall immediately notify the Subtenant if and when Authority has actual knowledge that there has been a Release of Hazardous Material on or about the Premises and shall afford the Subtenant a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

28.6 Authority's Environmental Indemnity. Without limiting the Authority's general Indemnity contained in Section 24.2, if the Authority fails to perform any of its obligations contained in Section 28.4 or 28.5, the Authority shall Indemnify the Subtenant and the Subtenant's Agents from and against any and all Losses arising under or related to such failure, including, without limitation Losses related to (i) enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws, (ii) claims by any third party against the Subtenant or the Subtenant's Agents relating to damage, contribution, cost recovery compensation, loss or injury, (iii) investigation and remediation costs, fines, natural resource damages, the loss or restriction of the use or any amenity of the Premises and reasonable attorneys' fees and consultants' fees and costs, and (iv) all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Base to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, and expressly excluding any Losses to the extent covered by the Section 330 Indemnity or caused by the Subtenant, its Agents or Invitees.

28.7 Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant and the Authority, respectively, hereby acknowledge for itself and its respective Agents that, before the execution of this Agreement, it has received and reviewed the Environmental Baseline Survey and the FOSLs described in the Master Lease.

29. RELOCATION COSTS

Without limiting the Authority's Indemnity under Section 24.2, the Authority shall be responsible for and shall Indemnify Subtenant and its Agents for any and all relocation costs payable to residential tenants arising under federal and state relocation assistance laws, including, but not limited to, California Government Code Section 7260 et seq.

30. CONVENIENCE STORE AND OTHER SERVICES

30.1. Good Faith Efforts. The Authority shall use good faith efforts to work with TIHDI and Subtenant to maintain existing commercial services on the Base, including a child-care center, cafe, and convenience store.

31. TRANSPORTATION SERVICES

31.1 Bus Service. The Authority shall use good faith efforts to have the City maintain at least the current level of municipal transportation bus service to and from the Base.

31.2 Public Transit Information. Subtenant shall make good faith efforts to establish and maintain during the Term a program to encourage maximum use of mass or public transportation by Subtenant's Agents and Invitees, including residential tenants.

32. WORKFORCE HIRING GOALS

In performing its rights and responsibilities under this Agreement, Subtenant shall comply with the following workforce hiring goals for qualified homeless or otherwise economically disadvantaged persons and San Francisco residents.

32.1 Subtenant's Workforce Hiring Goals. Subtenant, in connection with the Work, shall use good faith efforts to meet the work force hiring goals set forth in Section 32.2 (the "**Workforce Goals**"). For purposes of this Section 32, Subtenant's good faith efforts ("**Good Faith Efforts**") shall mean the following:

- (a) Upon request, submitting a written plan describing how Subtenant intends to meet the Workforce Goals;
- (b) Listing jobs available on the Premises with the TIHDI Job Broker at least two weeks before advertising for applicants elsewhere to the extent practical, considering the nature of the job involved;
- (c) Considering for appropriate job openings all candidates who are qualified, screened and referred to it by the TIHDI Job Broker if referred before the opening being otherwise filled;
- (d) Communicating with TIHDI about job openings by facsimile at the same time such job opening is communicated to any other agency or broker and providing information about jobs and about outcomes of referrals within a reasonable time upon request by the TIHDI Job Broker;
- (e) Consulting with the TIHDI Job Broker once a month, as necessary, about how to meet Subtenant's Workforce Goals; and
- (f) Meeting and conferring with the TIHDI Job Broker monthly, if necessary, to discuss and attempt to resolve any problems with Subtenant meeting its Workforce Goals.
- (g) Upon request, working with the City's First Source Hiring Administration on new job opportunities and otherwise complying with the City's First Source Hiring Program as set forth in Administrative Code Chapter 83.

32.2 Workforce Hiring Goals.

- (a) Construction Workforce. Without obligation (other than as expressly set forth herein), Subtenant shall give consideration for hiring on all construction projects on the Premises to qualified homeless or otherwise economically disadvantaged persons, and to qualified residents of San Francisco whose annual income, at the time of hire, is at or below fifty percent (50%) of median income for the City as determined by HUD.
- (b) Subcontracting. Without obligation, Subtenant will consider subcontracting certain tasks to be performed by Subtenant under this Agreement to TIHDI member organizations, particularly for grounds keeping, janitorial, recycling and deconstruction activities. Subcontracts with TIHDI organizations will be included for purposes of determining Subtenant's Good Faith Efforts to meet the Work Force Goals.
- (c) Nonconstruction Workforce. Without obligation, except as provided in this Section 32, the Subtenant shall use Good Faith Efforts to hire for nonconstruction work, (i) twenty-five percent (25%) of its nonconstruction workforce from homeless or economically disadvantaged persons, at the time of hiring, and (ii) fifty percent (50%) from San Francisco residents.

32.3. Hiring Plan. Upon request, Subtenant shall submit a hiring plan to the Authority to describe how Subtenant intends to meet its Workforce Goals, which description should include community outreach and recruiting efforts, hiring procedures, a projected schedule for meeting the Workforce Goals, and alternative courses of action if it appears that the Workforce Goals will not be met.

32.4. Reports. Upon the Authority's request, Subtenant shall prepare reports regarding the composition of Subtenant's work force reasonably satisfactory to the Authority.

32.5. Matters Subject to Enforcement Procedure. In addition to the initial preparation of the Hiring Plan, all matters related to implementing the Hiring Plan and the Workforce Goals are subject to the Enforcement Procedure described in Section 32.7.

32.6. Implementation of Enforcement Procedure. The Enforcement Procedure, as provided in Section 32.7, shall be the exclusive procedure for resolving any dispute concerning the interpretation or implementation of the Hiring Plan or any alleged deficiency in Subtenant's Good Faith Efforts. The Enforcement Procedure shall be implemented by the City department responsible for administering the City's workforce programs (the "**Workforce Office**"), which shall have the powers described below unless otherwise provided by law.

(a) All subcontracts related to the Agreement ("**Subcontracts**") shall incorporate the provisions of this Section 32 and the Authority shall have the right to enforce said obligations, requirements and agreements against the Subtenant or its subcontractors. Subtenant shall require, by contract, that each subcontractor participate in Enforcement Procedure proceedings in which it may be identified, and that each subcontractor shall be bound by the outcome of such Enforcement Procedure according to the decision of the Workforce Office.

32.7 Enforcement Procedure.

(a) Initiation and Process. If the Authority reasonably determines that Subtenant has failed to use Good Faith Efforts to meet the Workforce Goals, or for any other matter subject to this Enforcement Procedure, the Authority shall send a written Notice of Noncompliance to Subtenant describing the basis for its determination and suggesting a means to cure any deficiencies. If Subtenant does not, in the reasonable discretion of the Authority, cure the deficiency within thirty (30) days, the matter shall be submitted to the following Enforcement Procedure.

(i) Before the filing and service of a request to the Workforce Office (a "**Request**"), the parties to any dispute shall meet and confer in an attempt to resolve the dispute.

(ii) The Authority, Subtenant or any subcontractor may commence resolution of any dispute covered by the Enforcement Procedure by filing a Request and sending a copy to each involved entity including the Authority. The Request shall be filed and served either by hand delivery or by registered or certified mail. The Request shall identify the entities involved in the dispute and state the exact nature of the dispute and the relief sought. If the complaining party seeks a temporary restraining order and/or a preliminary injunction, the Request shall so state in the caption of the Request.

(iii) Service on the Subtenant of the Request or any notice provided for by this Section 32 shall constitute service of the Request or notice on all subcontractors who are identified as being in alleged noncompliance in the Request. The Subtenant shall promptly serve the Request or notice, by hand delivery or registered or certified mail, on all such subcontractors.

(iv) The TIHDI Job Broker shall have the right to present testimony or documentary evidence at Enforcement Procedure proceedings.

(v) After the filing and the service of a Request, the parties shall negotiate in good faith for a period of 10 business days in an attempt to resolve the dispute; provided that the complaining party may proceed immediately to the Enforcement Procedure, without engaging in such a conference or negotiations, if the facts could reasonably be construed to support the issuance of a temporary restraining order or a preliminary injunction ("**Temporary Relief**"). The Workforce Office shall determine whether the facts reasonably support the issuance of Temporary Relief.

(vi) If the dispute is not settled within 10 business days, a hearing shall be held within 90 days of the date of the filing of the Request, unless otherwise agreed by the Parties or ordered by the Workforce Office upon a showing of good cause; provided, that if the complaining party seeks Temporary Relief, the hearing on the motion shall be heard not later than ten (10) following the Request. The Workforce Office shall set the date, time and place for the Enforcement Procedure hearings. In the Enforcement Procedure proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05.

(b) Workforce Office's Decision. The Workforce Office shall render a decision within 20 days of the date that the hearing; provided that where a temporary restraining order is sought, the Workforce Office shall render a decision not later than 24 hours after the hearing on the motion. The Workforce Office shall send the decision by certified or registered mail to the Authority, the Subtenant and the subcontractor, if any.

(i) The Workforce Office may enter a default award against any party who fails to appear at the hearing; provided said party received actual notice of the hearing. In a proceeding seeking a default award against a party other than the Subtenant, the Subtenant shall provide proof of service on the party as required by this Section. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy under Code of Civil Procedure §1281.2.

(ii) Except as otherwise provided in this Section 32, the Workforce Office shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of the Agreement, or to negotiate new agreements or provisions between the Parties.

(iii) The inquiry of the Workforce Office shall be restricted to the particular controversy that gave rise to the request for the Enforcement Procedure. A decision of the Workforce Office issued hereunder shall be final and binding upon the Authority, Subtenant, and subcontractors. The losing party shall pay the Workforce Office's fees and related costs of the Enforcement Procedure. Each party shall pay its own attorneys' fees provided that fees may be awarded to the prevailing party if the Workforce Office finds that the Request was frivolous or that the Enforcement Procedure action was otherwise instituted or litigated in bad faith.

(c) Remedies and Sanctions. Except as may otherwise be expressly provided herein, the Workforce Office may impose only the remedies and sanctions set forth below and only against a non-compliant party:

(i) Order specific, reasonable actions and procedures, in the form of a temporary restraining order, preliminary injunction or permanent injunction, to mitigate the effects of the failure to make Good Faith Efforts, and/or to require Subtenant and/or its subcontractors to make such Good Faith Efforts, including, but not limited to, orders enjoining the Subtenant from recruiting, screening or hiring (through new hires, transfers or otherwise) any person for employment at the Premises pending resolution of the alleged deficiency.

(ii) Require the Subtenant or Subcontractors to refrain from entering into new contracts related to work related to the Agreement, or from granting extensions or other modifications to existing contracts related to the Agreement, other than those minor modifications or extensions necessary to enable completion of the work covered by the existing contract, with any non-compliant subcontractor until such subcontractor provides assurances satisfactory to the Authority and the Subtenant of future Good Faith Efforts to comply with the Workforce Goals.

(iii) Direct the Subtenant or subcontractor to cancel, terminate, suspend or cause to be canceled, terminated or suspended, any contract or lease or portions thereof for failure of the subcontractor to make Good Faith Efforts to comply with the Workforce Goals, provided, however that Subcontracts may be continued upon the condition that a program for future compliance is approved by the Authority.

(iv) If the Subtenant or subcontractor is found to be in willful breach of its obligations to make Good Faith Efforts to achieve the Workforce Goals, impose financial penalties not to exceed \$5,000 or 10 percent of the total monetary consideration contemplated by the contract at issue, whichever is less, for such breach on the party responsible for the willful breach; provided, however, no penalty shall be imposed pursuant to this paragraph for the first willful breach unless the breaching party has failed to cure after being provided notice and a reasonable opportunity to cure. The Subtenant or subcontractor may impose penalties for subsequent willful breaches whether or not the breach is subsequently cured. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.

(v) Direct that the Subtenant or subcontractor produce and provide to the Authority any records, data or reports that are necessary to determine if a violation has occurred and/or to monitor the performance of the Subtenant or Subcontractor.

(vi) Issue such other relief deemed necessary to ensure that the Good Faith Efforts are made prospectively.

(d) Delays Due to Enforcement. If Subtenant does not timely perform its obligations under this Agreement with the Authority because of a Workforce Office's order against a party other than the Subtenant, or against the Subtenant so long as Subtenant has made reasonable efforts to comply with the Hiring Plan, such order shall be deemed a Force Majeure Event, and all times shall be extended as provided in this Agreement for Force Majeure Events; provided Subtenant makes good faith efforts to minimize any delays.

(e) Release. The Subtenant and its subcontractors hereby forever waive and release any and all claims against the Authority for Losses arising under or related to this Section 32.

(f) California Law Applies. California law, including the California Arbitration Act, Code of Civil Procedure §§1280 through 1294.2, shall govern all the Enforcement Proceedings.

32.8 Relationship to Other Employment Agreements. Nothing in this Agreement shall be interpreted to prohibit the continuation of existing workforce-training agreements or interfere with consent decrees, collective bargaining agreements or existing employment contracts. In the case of collective bargaining agreements, Subtenant will take primary responsibility for integrating the requirements of Subtenant's Workforce Goals with any such collective bargaining agreements. As necessary, Subtenant will attempt to negotiate equivalent first source hiring obligations with relevant unions.

32.9 Local Hire. Subtenant agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

33 GENERAL PROVISIONS

33.1 Notices. Except as otherwise expressly provided in this Agreement, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, with postage prepaid as follows:

Notice Address of Authority: Treasure Island Development Authority
One Avenue of Palms, Suite 241
San Francisco, CA
Attn: Director
Fax No.: 415-274-0299

with a copy to: Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attn: RE/Finance
Fax No.: (415) 554-4755

Notice Address of Subtenant: The John Stewart Company
Attn: Jack D. Gardner, President and CEO
1388 Sutter Street, 11th Floor
San Francisco, CA 94109
Fax No.: (415) 614-9175

With a Copy to: Orrick, Herrington & Sutcliffe, LLP
Attn: Justin Cooper, Esq.
The Orrick Building
405 Howard Street
San Francisco, CA
Fax No.: (415) 773-5759

Notice Address of Master Landlord: United States Navy
BRAC Program Management Office West
ATTN: Treasure Island Real Estate
1455 Frazee Road, Suite 900
San Diego, CA 92108

Any Party hereunder may designate a new address for notice hereunder by notice given to the other in accordance with the provisions of this Section at least five (5) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days

after the date when it is mailed if sent by first class or certified mail, one day after the date it is made if sent by overnight courier, or upon the date personal delivery is made. For convenience of the Parties, copies of notices may also be given by telefacsimile; however, neither party may give official or binding notice by facsimile. Subtenant shall promptly provide City with copies of any and all notices received regarding any alleged violation of laws or insurance requirements or any alleged unsafe condition or practice.

33.2 No Implied Waiver. No failure by the Authority to insist upon the strict performance of any obligation of Subtenant under this Agreement or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial Rent during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises before the expiration of the Term by any Agent of the Authority, shall constitute a waiver of such breach or of the Authority's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Agreement. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of the Authority given in any instance under the terms of this Agreement shall not relieve Subtenant of any obligation to secure the consent of the Authority in any other or future instance under this Agreement. The provisions of this Section 33.2 shall be mutual to the extent applicable.

33.3 Approvals and Consents. Unless otherwise expressly provided in this Agreement, whenever approval, consent or satisfaction is required of the Authority or Subtenant under this Agreement, it shall not be unreasonably withheld, conditioned or delayed. The reasons for any disapproval of consent hereunder shall be stated in reasonable detail in writing. Approval by a Party of any act or request by the other Party shall not be deemed to waive or render unnecessary approval to or of any similar or subsequent acts or requests. Whenever approval or consent of the Authority is required under this Agreement, such approval shall mean the approval of the Director. If the Director determines that action or approval is required by the Authority's Commission, the Director shall submit such matter to the Authority's Commission at the next regularly-scheduled meeting for which an agenda has not yet been finalized and for which the Authority can prepare and submit a staff report in keeping with the Authority's standard practices.

33.3 Amendments. The terms of this Agreement may not be changed, waived, or terminated except by a written instrument signed by the Parties.

33.4 Due Authorization and Execution. The person signing for the Authority represents and warrants that the Authority is a non-profit, public benefit corporation, and an instrumentality of the State of California and the City and County of San Francisco, and that he or she has the right and authority to execute this Agreement. If Subtenant signs as a corporation, a partnership, a limited liability company, or similar entity, Subtenant hereby covenants and warrants that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has the full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon the Authority's request, Subtenant shall provide Authority with evidence reasonably satisfactory to the Authority confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant and the Authority each represents and warrants to the other that it has full power to make the waivers and releases, indemnities and the

disclosure set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into an Agreement containing those provisions and their legal effect.

33.5 Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant or one entity that makes up Subtenant, the obligations and liabilities under this Agreement imposed on Subtenant shall be joint and several.

33.6 Interpretation of Agreement. The recitals and the captions preceding the articles and sections of this Agreement and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Agreement. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting. Provisions in this Agreement relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Agreement, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

33.7 Successors and Assigns. Subject to the provisions of Section 20, the terms, covenants and conditions contained in this Agreement shall bind and inure to the benefit of the Authority and Subtenant and, except as otherwise provided herein, their representatives and successors and assigns.

33.8 Brokers. Neither party has had any contact nor dealings regarding the leasing of the Premises or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Agreement contemplated herein. If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive the expiration or termination of this Agreement.

33.9 Severability. If any provision of this Agreement or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by Law.

33.10 Governing Law. This Agreement shall be construed and enforced in accordance with the Laws of the State of California.

33.11 Entire Agreement. This Agreement, including the exhibits, contain the entire agreement between the Parties and supersede all prior or written or oral negotiations, discussions, understandings and agreements. The execution of this Agreement by the Authority shall be deemed to constitute approval of each exhibit hereto. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative or other legal

proceeding involving this Agreement. Subtenant and the Authority hereby acknowledge that neither the other nor the other's Agents have made any representations or warranties with respect to the Premises or this Agreement except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by either Subtenant or the Authority by implication or otherwise unless expressly set forth herein.

33.12 Attorneys' Fees. If either the Authority or Subtenant fails to perform any of its obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all reasonable costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including court costs and reasonable attorneys' fees. For purposes of this Agreement, reasonable fees of attorneys of the Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Authority.

33.13 Time of Essence. Time is of the essence with respect to all provisions of this Agreement in which a definite time for performance is specified.

33.14 Cumulative Remedies. All rights and remedies of either party hereto set forth in this Agreement shall be cumulative, except as may otherwise be provided herein.

33.15 Survival of Indemnities. Termination of this Agreement shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Agreement, nor shall it affect any provision of this Agreement that expressly states it shall survive termination hereof.

33.16 Relationship of Parties. The Authority is not, and none of the provisions in this Agreement shall be deemed to render the Authority, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Agreement is not intended nor shall it be construed to create any third party beneficiary rights in any third party, including residential tenants and TIHDI, unless otherwise expressly provided.

33.17 Non-Liability of Parties' Officials and Employees. No elective or appointive board, commission, member, officer or employee of either of the Parties or their Agents shall be personally liable in the event of any default, breach or for any amount which may become due, or for any obligation under this Agreement.

33.18 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

34. SPECIAL PROVISIONS

34.1. Non-Discrimination in Contracts and Benefits Ordinance.

(a) Covenant Not to Discriminate. In the performance of this Agreement, Subtenant agrees not to discriminate against any employee, any City employee working with Subtenant, or applicant for employment with Subtenant, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender

identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subleases and Other Subcontracts. Subtenant shall include in all subleases and other subcontracts (not including the Rental Agreements) relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Subtenant does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) CMD Form. As a condition to this Agreement, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure approval of the form. Subtenant hereby represents that prior to execution of this Agreement, (i) Subtenant executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and (ii) CMD approved such form.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Subtenant and/or deducted from any payments due Subtenant.

34.2 MacBride Principles -Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

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

San Francisco Environment Code, Subtenant shall not provide any items to the Work or Alterations, or otherwise in the performance of this Agreement, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. If Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant may be liable for liquidated damages as set forth in Chapter 8.

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

34.5 Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Authority, including the Premises. This prohibition includes the placement of the name of a company producing selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

34.6 Prohibition on Alcohol Advertising. Subtenant acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises, except in areas that are operated as a restaurant, a concert or sports venue, or places where the sale, production or consumption of alcohol is permitted. For purposes of this section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing, selling or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (a) communicate the health hazards of alcoholic beverages, (b) encourage people not to drink alcohol or to stop drinking alcohol, or (c) provide or publicize drug or alcohol treatment or rehabilitation services.

34.7 Holding Over. If Subtenant retains possession of any portion of the Premises after the expiration or the earlier termination of this Agreement, then unless the Authority expressly agrees to the holdover in writing, Subtenant shall pay the Authority, on a month-to-month basis Base Rent equal to one hundred and fifty percent (150%) of the latest Base Rent payable by Subtenant hereunder prior to such expiration, together with an amount estimated by the Authority for any additional charges payable under this Agreement, and shall otherwise be on the terms and conditions herein specified so far as applicable (except for those pertaining to the Term and any Extension Options). Any failure by Subtenant to surrender, discontinue using, or, if required by the Authority, any failure to remove any property or equipment following written demand for the same by the Authority, shall constitute continuing possession for purposes hereof. Subtenant acknowledges that the foregoing provisions shall not serve as permission for the Subtenant to hold over, nor serve to extend the term of this Agreement beyond the end on the term hereof. Any holding over without the Authority's consent shall constitute a default by Subtenant and entitle the Authority to exercise any or all of its remedies as provided herein, notwithstanding that the Authority may elect to accept one or more payments of Rent, and whether or not such amounts are at the holdover rate specified above or the rate in effect at the end of the Term of this Agreement. Any holding over after the expiration of the Term with the express consent of the Authority shall be construed to automatically extend the Term of this

Agreement on a month-to-month basis at a Base Rent equal to the latest Base Rent payable by Subtenant hereunder prior to such expiration, together with an amount estimated by the Authority for any additional monthly charges payable under this Agreement, and shall otherwise be on the terms and conditions herein specified so far as applicable (except for those pertaining to the Term and any Extension Options). Subtenant's obligations under this Section shall survive the expiration or termination of this Agreement.

34.8 Prevailing Wages. Subtenant agrees that any person performing labor in the erection, construction, renovation, alteration, improvement, demolition, excavation, installation or repair (not including maintenance) of any building, structure, improvement, infrastructure, road, park, utility or similar facility on the Premises, provided by or through Subtenant under this Agreement, shall be paid not less than the highest prevailing rate of wages, and shall be subject to hours and days of labor requirements that are established under San Francisco Administrative Code Section 6.22(E) and 6.22(F). Subtenant shall require that all contracts and subcontracts for such work contain the requirements of San Francisco Administrative Code Sections 6.22(E), subsections (4) – (8), and 6.22(F), and shall reference the Authority's rights as set forth in this Section, including but not limited to the Authority's (and Subtenant's) right to withhold funds and impose penalties against any contractor or subcontractor that fails to pay prevailing wages as required in this Section. Subtenant shall also require any contractor to electronically submit, for itself and for all subcontractors, certified payroll reports and statements of compliance in the manner specified by the Authority for all persons performing labor as set forth above. Subtenant shall have all rights and remedies, including the right to withhold payments or assess penalties, against any contractor and subcontractor as set forth in Section 6.22(E) (8) for failure to pay prevailing wages as set forth in this Section. In addition, Sublandlord and Subtenant shall jointly collaborate on any such remedial action to ensure compliance with this Section, including the assessment of penalties and, when warranted, the termination of any contractor or subcontractor.

34.9 Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (a) prohibit the use of certain pesticides on City or Authority property, (b) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (c) require Subtenant to submit to the Authority an integrated pest management ("IPM") plan, if applicable, that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Agreement, (ii) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (iii) identifies, by name, title, address and telephone number, an individual to act as the Subtenant's primary IPM contact person. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing herein shall prevent Subtenant from seeking a determination from the Commission on the Environment that it is exempt from complying with certain portions of the Pesticide Ordinance.

34.10 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between the Authority and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

34.11 Drug Free Workplace. Subtenant acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City and Authority premises. Subtenant agrees that any violation of this prohibition by Subtenant, its Agents or assigns shall be deemed a material breach of this Agreement.

34.12 Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Agreement. The Authority shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving the Authority's written notice of a breach of this Agreement for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the Authority shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the Authority.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Authority may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that the Authority has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City or the Authority with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to the Authority in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Subtenant shall provide the Authority with access to records pertaining to compliance with HCAO after receiving a written request from the Authority to do so and being provided at least five (5) business days to respond.

(j) the Authority may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with the Authority when it conducts such audits.

34.13 Notification of Limitations on Contributions. Through its execution of this Agreement, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City or the Authority for the selling or leasing of any land or building to or from the City or the Authority whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Subtenant acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Subtenant further acknowledges that the prohibition on contributions applies to each Subtenant; each member of Subtenant's board of directors, and Subtenant's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Subtenant; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Subtenant. Additionally, Subtenant acknowledges that Subtenant must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Subtenant further agrees to provide to City the name of each person, entity or committee described above.

34.14 Preservative-Treated Wood Containing Arsenic. Subtenant may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

34.15 Resource Efficient City Buildings and Pilot Projects. Subtenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Subtenant hereby agrees that it shall comply with all applicable provisions of such code sections.

34.16 Food Service Waste Reduction. Subtenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Sublease as though fully set forth. This provision is a material term of this Sublease. By entering into this Sublease, Subtenant agrees that if it breaches this provision, Sublandlord will suffer actual damages that will be impractical or extremely difficult to determine; further, Subtenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that Sublandlord will incur based on the violation, established in light of the circumstances existing at the time this Sublease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by Sublandlord because of Subtenant's failure to comply with this provision.

34.17 Estoppel Certificates. At any time and from time to time, within ten (10) days after Sublandlord's request, Subtenant will execute, acknowledge and deliver to Sublandlord a statement certifying the following matters: (a) the Commencement Date and Expiration Date of this Sublease; (b) that this Sublease is unmodified and in full force and effect (or if there have been modifications, that this Sublease is in full force and effect as modified and the date and nature of such modifications); (c) the dates to which the Rent has been paid; (d) that there are no Events of Default under this Sublease (or if there are any Events of Default, the nature of such Event of Default); and (e) any other matters reasonably requested by Sublandlord. Sublandlord and Subtenant intend that any such statement delivered pursuant to this paragraph may be relied upon by any assignee of Sublandlord's interest in the Master Lease or this Sublease, any mortgagee or any purchaser or prospective purchaser of the building or land on which the Premises are located. Subtenant irrevocably appoints Sublandlord, as Subtenant's agent, to execute and deliver in the name of Sublandlord any such instrument if Subtenant fails to do so, which failure shall also be an Event of Default under this Sublease.

[Remainder of page left intentionally blank]

Authority and Subtenant have executed this Agreement as of the date first written above.

DATED:

SUBTENANT:

THE JOHN STEWART COMPANY, a California Corporation

By: _____
Its: _____

AUTHORITY:

THE TREASURE ISLAND DEVELOPMENT, a California nonprofit public benefit corporation

By: _____
Its: _____

Approved as to Form:

DENNIS J. HERRERA, City Attorney

Charles Sullivan, Deputy City Attorney

SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

EXHIBIT A

MASTER LEASE

SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

EXHIBIT B

DESCRIPTION OF PREMISES, MAP AND LIST OF RENTABLE UNITS

List of Rentable Units –
Treasure Island & Yerba Buena Island
Market-Rate Housing

20 Building on Yerba Buena Island; 20 buildings; 80 units total.

60 Yerba Buena Road
66 Yerba Buena Road
105 Forest Road
106 Forest Road
109 Forest Road
111 Forest Road
113 Forest Road
115 Forest Road
300 Nimitz Drive
301 Macalla Drive
302 Nimitz Drive
303 Nimitz Drive
304 Nimitz Drive
324 Yerba Buena Road
325 Yerba Buena Road
326 Yerba Buena Road
327 Yerba Buena Road
328 Yerba Buena Road
329 Yerba Buena Road
331 Yerba Buena Road

1100s on Treasure Island: 22 Buildings; 126 units total.

1108 Halyburton Court
1109 Keppler Court
1111 Keppler Court
1112 Hutchins Court
1113 Keppler Court
1114 Hutchins Court
1115 Keppler Court
1118 Hutchins Court
1120 Reeves Court
1122 Reeves Court
1124 Reeves Court
1128 Reeves Court
1129 Mason Court

1131 Mason Court
1133 Mason Court
1135 Mason Court
1137 Mason Court
1141 Ozbourn Court
1143 Ozbourn Court
1145 Ozbourn Court
1147 Ozbourn Court
1149 Ozbourn Court

1200s on Treasure Island: 30 Buildings; 178 units total.

1201 Bayside Drive
1202 Mariner Drive
1203 Bayside Drive
1204 Mariner Drive
1205 Bayside Drive
1208 Mariner Drive
1210 Mariner Drive
1212 Mariner Drive
1420 Gateview Court (Previously 1214 Gateview Court)
1215 Bayside Drive
1217 Mariner Drive
1440 Gateview Court (Previously 1218 Gateview Court)
1219 Mariner Drive
1221 Mariner Drive
1224 Bayside Drive
1227 Northpoint Drive
1390 Gateview Court (Previously 1228 Gateview Court)
1232 Northpoint Drive
1234 Northpoint Drive
1237 Northpoint Drive
1238 Northpoint Drive
1239 Northpoint Drive
1240 Northpoint Drive
1241 Northpoint Drive
1242 Northpoint Drive
1245 Northpoint Drive
1247 Exposition Drive
1249 Exposition Drive
1250 Exposition Drive
1253 Exposition Drive

1300s on Treasure Island: 17 Buildings; 94 units total.

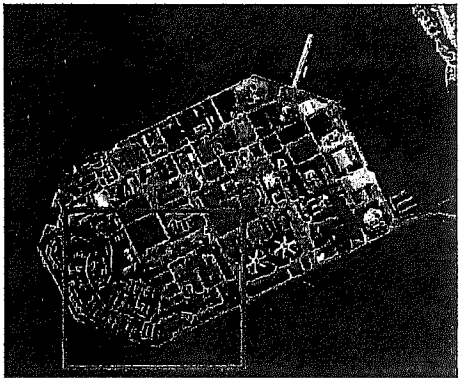
1301 Gateview Avenue
905 Avenue B (Previously 1302 Avenue B)
1303 Gateview Avenue
901 Avenue B (Previously 1304 Avenue B)
1305 Gateview Avenue
1306 Gateview Avenue
1307 Gateview Avenue
1308 Gateview Avenue
1309 Gateview Avenue
1310 Gateview Avenue
1311 Gateview Avenue
1312 Gateview Avenue
1313 Gateview Avenue
1314 Gateview Avenue
1315 Gateview Avenue
1316 Gateview Avenue
1325 Westside Drive

1400s on Treasure Island: 13 Buildings; 78 Units total.

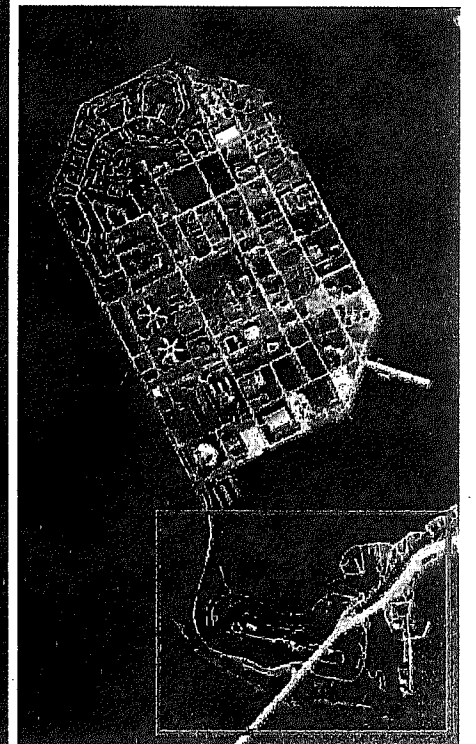
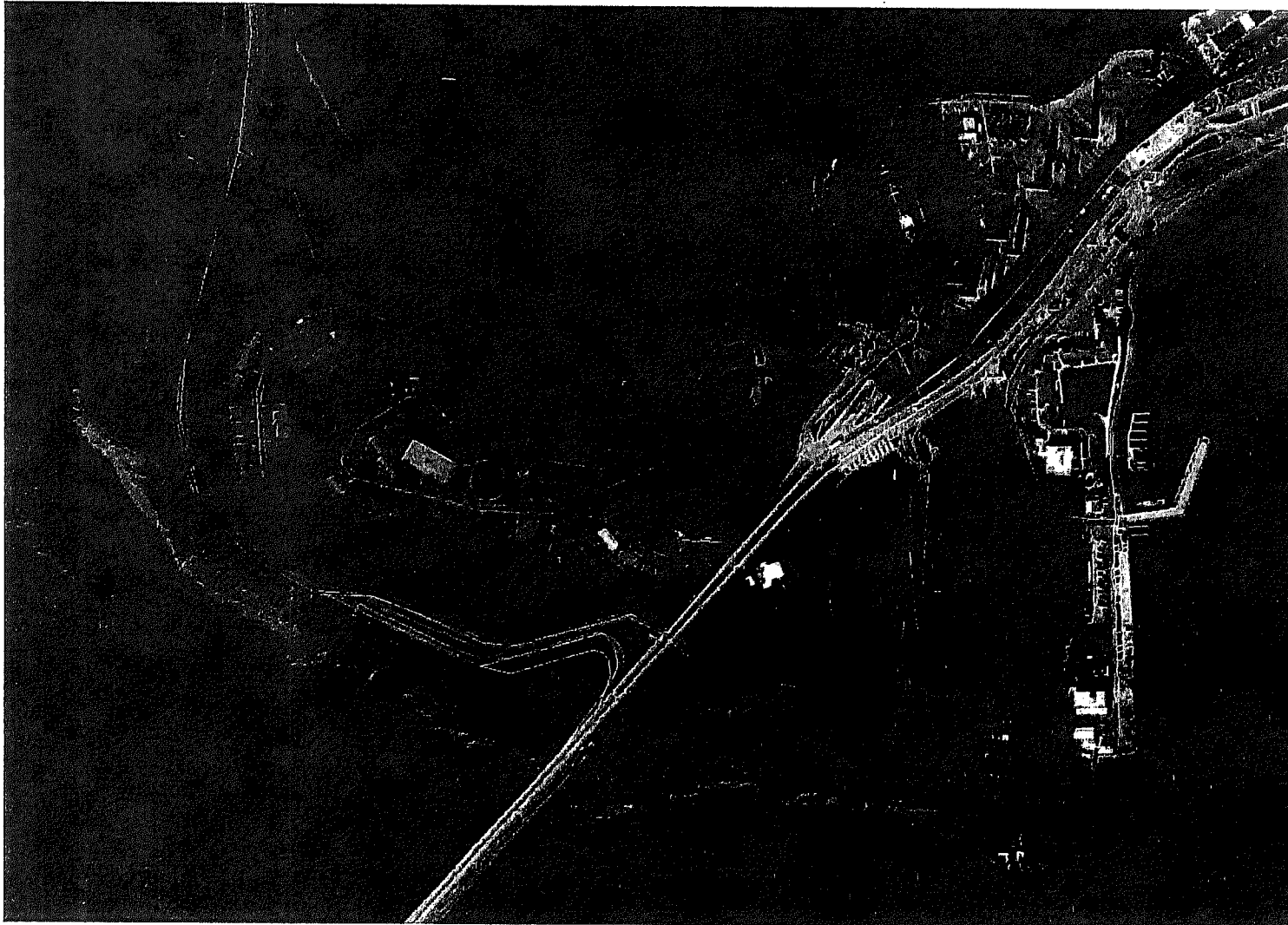
1400 Sturgeon Street
1402 Sturgeon Street
1404 Sturgeon Street
1418 Striped Bass Street
1420 Striped Bass Street
1430 Halibut Court
1431 Halibut Court
1436 Chinook Court
1437 Chinook Court
1438 Chinook Court
1439 Chinook Court
1444 Croaker Court
1449 Croaker Court



**Exhibit B - Map
Treasure Island
Residential Neighborhood**



**Exhibit B - Map
Yerba Buena Island
Residential
Neighborhood**



SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

EXHIBIT C

TRANSITION HOUSING RULES AND REGULATIONS

TREASURE ISLAND DEVELOPMENT AUTHORITY

TRANSITION HOUSING RULES AND REGULATIONS

FOR THE VILLAGES AT TREASURE ISLAND

TREASURE ISLAND DEVELOPMENT AUTHORITY

BOARD OF DIRECTORS

First Modification - February 28, 2013

TRANSITION HOUSING RULES AND REGULATIONS
FOR THE VILLAGES AT TREASURE ISLAND

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- Appendix 4: Definitions

TRANSITION HOUSING RULES AND REGULATIONS
FOR THE VILLAGES AT TREASURE ISLAND

I. GENERAL

A. Background

These Transition Housing Rules and Regulations for The Villages at Treasure Island (“**Transition Housing Rules and Regulations**”) reflect the decision of the Treasure Island Development Authority Board of Directors (“**TIDA Board**”) to implement certain recommendations made by the Board of Supervisors of the City and County of San Francisco (“**City**”) in Resolution No. 699-06 (the “**Term Sheet Resolution**”). Definitions used in these Transition Housing Rules and Regulations are provided in **Appendix 4** for reference.

During World War II, Naval Station Treasure Island (“**NSTI**”) was used as a center for receiving, training, and dispatching service personnel.

After the war, NSTI was used primarily as a naval training and administrative center. In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510, 10 U.S.C. § 2687 and its subsequent amendments (“**BRAC**”). The Department of Defense subsequently designated the City as the Local Reuse Authority responsible for the conversion of NSTI to civilian use under the federal disposition process.

The City opted to negotiate for the transfer of NSTI under the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Pub. Law 103-421) (the “**Base Redevelopment Act**”) amending BRAC, under which certain portions of NSTI would be set aside for homeless assistance programs in a manner that balances the economic development needs of the redevelopment process. A consortium of nonprofit organizations is providing a variety of services to the formerly homeless (currently, Catholic Charities, Community Housing Partnership, Rubicon Programs, Swords for Ploughshares, and Walden House), organized as the Treasure Island Homeless Development Initiative (“**TIHDI**”), to coordinate the homeless assistance programs to be provided under the Base Redevelopment Act.

In anticipation of base closure and following a public planning process, the Mayor, the Board of Supervisors, and the Planning Commission endorsed a Draft Base Reuse Plan for NSTI in 1996 outlining opportunities, constraints, policy goals, and recommendations for the redevelopment of NSTI. The City entered into an agreement with TIHDI in 1996 to develop and implement the homeless component under the Base Reuse Plan, which includes the right to temporary use of former military housing at NSTI and permanent housing through the base redevelopment process. The City formed Treasure Island Development Authority (“**TIDA**”) as a redevelopment agency under California redevelopment law and designated TIDA as the City’s

Local Reuse Authority for NSTI as authorized under the Treasure Island Conversion Act of 1997 (Assembly Bill No. 699, Stats. 1997, ch. 898).

TIDA initiated formal negotiations with the Navy in 1997, the same year the Navy formally closed base operations at NSTI. Also in 1997, the Navy contracted with the City (and subsequently, TIDA) to manage the property pending negotiations for its transfer and redevelopment. As part of managing NSTI on behalf of the Navy, TIDA began subleasing at market rates a portion of the former military housing now known as The Villages at Treasure Island (“**The Villages**”) through a master lease with The John Stewart Company, and directly leasing space to a variety of commercial tenants. The master leases, the Residential Leases for Villages units, and commercial leases are interim pending the Navy’s transfer of NSTI to TIDA for redevelopment and reuse.

TIDA selected Treasure Island Community Development, LLC (“**TICD**”) in 2003 for exclusive negotiations for the master redevelopment of NSTI. The Board of Supervisors adopted the Term Sheet Resolution in 2006, endorsing the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (as updated and endorsed by the TIDA Board of Directors and the Board of Supervisors in 2010, the “**Development Plan**”), conditioned on completion of environmental review under the California Environmental Quality Act (“**CEQA**”), an extensive community review process, and endorsement by the Treasure Island/Yerba Buena Island Citizen’s Advisory Board and the TIDA Board. The Development Plan will serve as the basis for a Development and Disposition Agreement between TIDA and TICD (as amended, the “**DDA**”), which will govern their respective rights and obligations for the redevelopment of certain portions of NSTI if approved by the TIDA Board and the Board of Supervisors after completion of CEQA review. In the Term Sheet Resolution, the Board of Supervisors recommended that the TIDA Board create a transition program setting forth terms by which existing residents of NSTI could have the opportunity to rent at reduced rents or buy newly-constructed units on Treasure Island.

Consistent with Assembly Bill No. 699, the Development Plan specifies that all of the former military housing on the NSTI (except certain historic buildings) eventually will be demolished. As outlined in the Development Plan, TIDA and TICD intend to phase redevelopment so that new housing can be built on NSTI before demolishing most of the existing residential structures as follows.

- Redevelopment of Yerba Buena Island is planned as part of the first phase of the redevelopment project, requiring demolition of existing Yerba Buena Island housing to be among TICD’s first development activities. Transitioning Households on Yerba Buena Island affected by the early phases of redevelopment will be offered Existing Units on Treasure Island through Interim Moves.
- Demolition of the housing on Treasure Island is proposed to occur in the later phases of the redevelopment project. But some Transitioning Households may be asked to make Long-Term Moves in earlier phases as new housing becomes available for occupancy.

B. Purpose

These Transition Housing Rules and Regulations:

- are designed to ensure that eligible Villages Households who satisfy all qualifications of Transitioning Households under **Section II.A** (Determination of Household Eligibility for Transition Benefits) receive housing opportunities consistent with the Term Sheet Resolution;
- describe benefits below (“**Transition Benefits**”) that are available only to Transitioning Households;
- specify the eligibility criteria for Transitioning Households to receive Transition Benefits; and
- outline the procedures by which Transitioning Households will be offered Transition Benefits, including the opportunity to occupy new housing to be built on TI.

C. Limits of Applicability

The Transition Benefits under these Transition Rules and Regulations:

- apply only to Transitioning Households required to move to accommodate redevelopment of NSTI in accordance with the DDA;
- do not apply if TIDA must relocate Villages and TIHDI residents due to disaster or other event affecting living conditions on NSTI, except as specifically set forth herein; and
- do not apply to:
 - Villages Households that do not satisfy all qualifications of Transitioning Households under **Section II.A** (Determination of Household Eligibility for Transition Benefits); or
 - residents in housing managed by TIHDI member organizations, who will have the opportunity to move to new supportive housing that TIHDI will develop under the proposed Amended and Restated Base Closure Homeless Assistance Agreement; or
 - TIDA’s commercial tenants.

D. Overview and Program Framework

Two types of moves affecting Transitioning Households are anticipated as NSTI is redeveloped:

- **Interim Moves**, in which a Transitioning Household moves from one Existing Unit in The Villages to another Villages Existing Unit on Treasure Island following receipt of a Notice to Move. An example of this would be a move from an Existing Unit in an area proposed for redevelopment in an early phase to an Existing Unit on Treasure Island. *Most Transitioning Households will not be asked to make an Interim Move.*
- **Long-Term Moves**, in which a Transitioning Household moves from one of the Existing Units to a newly-constructed Dwelling on Treasure Island. All Transitioning Households (including those that previously made an Interim Move) will have the opportunity to make this move.

Key elements of these Transition Housing Rules and Regulations are:

- All Transitioning Households that receive a Notice to Move for either an Interim Move or a Long-Term Move will be eligible for Transition Benefits under these Transition Housing Rules and Regulations.
- NSTI residents who move off-Island before they receive a Notice to Move and an offer of Transition Benefits are not Transitioning Households and will not be eligible for Transition Benefits.
- All Transitioning Households will have the opportunity to remain on Treasure Island. No eligible Transitioning Household will be required to move before receiving an offer of Transition Benefits.
- Transitioning Households will have an opportunity to select one of the three Transition Benefit Options described in these Transition Housing Rules and Regulations:
 - the Transition Unit Option to move into rental housing on Treasure Island (See **Article V** (Description of Transition Unit Option));
 - the In-Lieu Payment Option for a lump sum payment upon moving off-Island (See **Article VI** (Description of In-Lieu Payment Option)); or
 - the Unit Purchase Assistance Option for down payment assistance in the purchase of a newly-constructed Dwelling on NSTI (See **Article VII** (Description of Unit Purchase Assistance Option)).

- Moving assistance will be provided to Transitioning Households that:
 - make Interim Moves to other Existing Units on Treasure Island; or
 - select the Transition Unit Option and make Long-Term Moves from their Existing Units to new Transition Units.
- A Premarketing Window to purchase newly-constructed Dwellings on NSTI will be available to:
 - all Transitioning Households in Existing Units before they have selected a Transition Benefit; and
 - Post-Transition Tenants that selected the In-Lieu Payment Option and received an In-Lieu Payment.
- Any resident of The Villages who moves onto NSTI after the DDA Effective Date will be a Post-DDA Tenant under these Transition Housing Rules and Regulations. Post-DDA Tenants who by definition do not qualify for an exception under **Section II.A.1** (Defined Terms for Determining Eligibility) are ineligible for Transition Benefits, but will be offered transition advisory services when required to move.

E. Effective Date

These Transition Housing Rules and Regulations will be effective on the date the DDA becomes effective (the “**DDA Effective Date**”), if the DDA is approved by the TIDA Board and the Board of Supervisors after completion of CEQA review.

II. ELIGIBILITY

A. Determination of Household Eligibility for Transition Benefits

The first step in determining whether a Villages Household is eligible for Transition Benefits is determining the status of the Household, based on the criteria below.

Only Transitioning Households are eligible for Transition Benefits. Transition Benefits are offered to each Transitioning Household as a Household and not to individual members of the Household.

1. Defined Terms for Determining Eligibility. TIDA will determine the members of a Transitioning Household based on the following definitions;

a. “**Existing Unit**” means a Dwelling located on NSTI that is occupied by a Transitioning Household as its primary Dwelling before receipt of a First Notice to Move or an Interim Notice to Move.

b. **“Good Standing”** means that TIDA does not have grounds for eviction as described in **Section XII.A (Eviction)**.

c. **“Household”** means an individual, or two or more individuals, related or unrelated, who live together in an Existing Unit as their primary Dwelling, or one or more families occupying a single Existing Unit as their primary Dwelling, including: (i) all adult Household members who are named in the Residential Lease; (ii) minor children in the Household; and (iii) the spouse or registered domestic partner of a Household member. Under these Transition Housing Rules and Regulations, all occupants of a single Existing Unit constitute a single Household, and a Household may include both Post-DDA Tenants and members of a Transitioning Household.

d. **“Post-DDA Tenant”** means a resident who moves onto NSTI after the DDA Effective Date, except as follows: (i) a spouse or registered domestic partner of a member of a Transitioning Household; (ii) a minor child of a member of a Transitioning Household; and (iii) a live-in caregiver for a member of a Transitioning Household who has been approved by TIDA or its agent to reside in the Existing Unit. Persons in categories (i) and (ii) above will only be considered a member of a Transitioning Household if the Household notified TIDA in writing of the new Household member, and requested that the Person's name be added to the Residential Lease at the time that the Household member joined the Household, or, if that Person became a member of the Household after TIDA's most recent notice of annual change in base rent under the Residential Lease.

e. **“Residential Lease”** means the lease agreement, including any addenda, under which a Transitioning Household or a Post-DDA Tenant lawfully occupies an Existing Unit, or under which an employer provides employee housing for employees working on NSTI.

f. **“Transitioning Household”** means a Villages Household consisting of residents who: (i) lawfully occupied an Existing Unit in The Villages as its primary Dwelling on the DDA Effective Date as evidenced by each adult resident's signature on the Residential Lease and each minor child identified as an occupant in the Residential Lease; (ii) continue to live in an Existing Unit until the Household receives a First Notice to Move for a Long-Term Move or accepts an In-Lieu Payment or Down Payment Assistance; and (iii) remain in Good Standing under its Residential Lease until the Household receives a First Notice to Move for a Long Term Move or accepts an In-Lieu Payment or Down Payment Assistance. A Transitioning Household specifically excludes the following: (A) any Person or Household in Unlawful Occupancy of the Existing Unit; (B) any Post-DDA Tenant in the Household; (C) any Person who occupies an Existing Unit under an arrangement with a business entity that has entered into a Residential Lease with TIDA; and (D) any Person who occupies the Existing Unit solely for the purpose of obtaining Transition Benefits.

g. **“Unlawful Occupancy”** means: (i) a Person or Household has been ordered to move by a valid court order; (ii) the Person's or Household's tenancy has been lawfully terminated, if the termination was not undertaken for the purpose of evading the obligations of these Transition Housing Rules and Regulations; or (iii) a Person is not listed on

the Residential Lease, except for a: (x) spouse or registered domestic partner of a member of a Transitioning Household; (y) minor child of a member of a Transitioning Household; or (z) live-in caregiver for a member of a Transitioning Household who has been approved by TIDA or TIDA's agent to reside in the unit, provided that Persons in categories (x) and (y) have met the requirements to be considered a Post-DDA Tenant.

h. **“Force Majeure Household”** means a Household that is not a Post DDA Household and is not in Unlawful Occupancy is required by TIDA or any other agency to move from an Existing Unit off of NSTI as a result of a natural disaster or other condition that makes the Existing Unit uninhabitable prior to the Household receiving a First Notice to Move.

2. TIDA Records of Eligibility. Based on information available to TIDA, including information provided by Villages Households during and in follow-up to interviews under **Section III.B** (Interview Households and Offer Advisory Services), TIDA will maintain records indicating which members of each Villages Household constitute an eligible Transitioning Household and which members are Post-DDA Tenants or otherwise not qualified for Transition Benefits.

B. Ineligible Residents

1. Post-DDA Tenants. Post-DDA Tenants are ineligible for Transition Benefits. A Post-DDA Tenant may be a resident in an Existing Unit in which other residents constitute a Transitioning Household. Post-DDA Tenants will be eligible only for transition advisory services under these Transition Housing Rules and Regulations.

2. Unlawful Occupancy. A resident in Unlawful Occupancy of an Existing Unit is ineligible for Transition Benefits or advisory services under these Transition Housing Rules and Regulations.

III. TRANSITION NOTICES AND PROCEDURES

A. First Notice to Move

1. Delivery of First Notice to Move. TIDA will deliver a First Notice to Move to each affected Household before the Household is required to move to facilitate the ongoing redevelopment of NSTI.

2. Time of Notice. The First Notice to Move will be delivered: (a) no less than 90 days before the date by which an Interim Move must occur; and (b) no less than 120 days before the date by which a Long-Term Move must occur.

3. Contents of Notice. The First Notice to Move will state:

- a. whether the move will be an Interim Move or a Long-Term Move;
- b. TIDA's intent to terminate the Residential Lease for the Existing Unit on a specified date, by which the Household will be required to move;

c. whether TIDA records: (i) list any or all of the members of the Household as an eligible Transitioning Household; or (ii) indicate that any members of the Household are Post-DDA Tenants or are otherwise ineligible for Transition Benefits;

d. if TIDA records indicate that any members of the Household are or may be a Transitioning Household: (i) additional information or verifications necessary to determine eligibility as a Transitioning Household; (ii) a general description of the Transition Benefits that a Transitioning Household may receive under these Transition Housing Rules and Regulations; (iii) additional steps a Transitioning Household must take to secure Transition Benefits, such as setting up an interview to provide TIDA with the information necessary to complete income certification requirements and determine the composition of the Transitioning Household; and (iv) the time-frame for setting up the informational interview to establish the Transitioning Household's housing needs and certify Household Income;

e. if TIDA records indicate that the entire Household (or any member of the Household) is not a Transitioning Household but is a Post-DDA Tenant, information regarding advisory services available to Post-DDA Tenants and on the Household's opportunity to present information demonstrating its eligibility as a Transitioning Household;

f. contact information for questions about the notice or process; and

g. that the notice and all future notices will be translated into a language understood by the Household if the Household notifies TIDA that the Household does not include an adult fluent in English.

B. Interview Household and Offer Advisory Services

1. Schedule Interview. After the First Notice to Move is delivered, TIDA will contact each Household to set up interviews. TIDA will provide sufficient advance notice and scheduling flexibility to enable each adult in the Household (except those in Unlawful Occupancy of the Existing Unit) to be interviewed, so that TIDA can obtain required information and provide advisory services described below.

2. Advisory Services for Transitioning Households:

a. The interviews will enable TIDA to: (i) describe and explain any applicable eligibility requirements for the specific Transition Benefits available to the Transitioning Household under these Transition Housing Rules and Regulations; (ii) advise and assist the Transitioning Household in evaluating its housing needs; (iii) identify any special needs for that Transitioning Household; (iv) assist each Transitioning Household to complete applications for Transition Benefits; and (v) ensure that no Transitioning Household will be required to move from an Existing Unit without an opportunity to relocate to a Transition Unit, except in the case of: (A) an Interim Move; (B) a major disaster as defined in § 102(2) of the federal Disaster Relief Act of 1974; (C) a state of emergency declared by the President of the United States or the Governor of the State of California; or (D) any other emergency that requires the Household to move immediately from the Existing Unit because continued occupancy of the

Existing Unit by the Household constitutes a substantial danger to the health or safety, or both, of the Household.

b. For Long-Term Moves only: (i) the Transitioning Household must begin the process of determining Household Income; and (ii) to qualify for an income-restricted Transition Unit under **Sections V.E.1, V.E.2, or V.E.3** (Calculation of Base Monthly Rental Cost), Household Income of the entire Transitioning Household must be certified, subject to third-party verification. For all Households, TIDA will use the then-current Tenant Income Certification Form published by the California Tax Credit Allocation Committee to determine Household Income. A copy of the current form is attached as **Appendix 1**.

c. If all adult members of a Transitioning Household do not consent to be interviewed or do not provide all of the required information requested during or within 30 days after the interview, TIDA will be entitled to rely solely on the limited information provided in response to the interview and contained in its records relating to the Household when making its determination about eligibility for Transition Benefits.

3. Advisory Services for Post-DDA Tenants. The interviews will enable TIDA to offer the following advisory services to Post-DDA Tenants: (a) assist in evaluating their housing needs and any special needs; (b) provide references to providers of special needs services and other housing in San Francisco; and (c) provide a Household with the opportunity to present information to TIDA to support a claim of eligibility for Transition Benefits.

C. Second Notice to Move

1. Time and Contents of Second Notice to Move. No less than 60 days before a Household is required to move, TIDA will deliver a Second Notice to Move. The Second Notice to Move will state:

- a. TIDA's determination of whether the Household is an eligible Transitioning Household;
- b. which members of the Household, if any, are Post-DDA Tenants, in Unlawful Occupancy, or otherwise ineligible for Transition Benefits;
- c. the actual date by which the move must be complete (the "**Move Date**"); and
- d. the options available to the Transitioning Household under these Transition Rules and Regulations.

D. Selection of a Transition Benefit

After receipt of the Second Notice to Move, each Transitioning Household will be required to make certain decisions about Transition Benefits.

1. Transition Benefit Options for Long-Term Moves. For Long-Term Moves, the Second Notice to Move will offer each Transitioning Household a choice of:

a. the Transition Unit Option to move into a Transition Unit in a specifically identified new building on TI, with the number of bedrooms, initial rent, and long-term rent protection as described in **Article V** (Description of Transition Unit Option);

b. the In-Lieu Payment Option to receive an In-Lieu Payment, calculated in accordance with **Article VI** (Description of In-Lieu Payment Option); or

c. the Unit Purchase Assistance Option to receive Down Payment Assistance calculated in accordance with **Article VII** (Description Unit Purchase Assistance Option), but only if new for-sale units are then available for purchase and the Transitioning Household can demonstrate that it can close escrow on the purchase of and move into a new Dwelling on NSTI before the Move Date.

2. Options for Interim Moves. For Interim Moves, the Second Notice to Move will offer each Transitioning Household a choice of the following options:

a. the right to occupy an Existing Unit on Treasure Island with the number of bedrooms and initial rent calculated in accordance with **Article IV** (Interim Moves); or

b. the option to receive an In-Lieu Payment in accordance with **Article VI** (In-Lieu Payment Option).

3. Written Notice to TIDA of Selection. For both Long-Term Moves and Interim Moves, the Transitioning Household's selection may be made by delivering written notice to TIDA, signed by each adult member of the Transitioning Household at any time up to 45 days before the Move Date.

4. Transitioning Household Entitled to Single Transition Benefit. Each Transitioning Household receiving a Long Term Move Notice is entitled to only one of the Transition Benefits described in **Article V** (Transition Unit Option), **Article VI** (In-Lieu Payment Option), and **Article VII** (Unit Purchase Assistance Option). As a condition to receipt of the selected Transition Benefit, each member of the Transitioning Household will be required to waive all other Transition Benefits under these Transition Housing Rules and Regulations.

E. Complete the Move

1. Eligibility for Moving Assistance. Moving assistance to cover the costs of moving the Household will be provided to every Transitioning Household that makes an Interim Move from an Existing Unit on NSTI to another Existing Unit on TI and/or a Long-Term Move from an Existing Unit on NSTI to a Transition Unit. Moving assistance is not provided to: (a) Transitioning Households that receive the In-Lieu Payment Option or Down Payment Assistance; (b) Post-DDA Tenants; (c) Persons in Unlawful Occupancy of their Existing Unit; or (d) other Persons ineligible for Transition Benefits.

2. Actual Costs. A Transitioning Household will be compensated for Actual Reasonable Moving Expenses incurred in moving the Household for an Interim Move to an Existing Unit or a Long-Term Move to a Transition Unit. Costs that may be included in a claim for Actual Reasonable Moving Expenses are listed in **Article VIII.B** (Moving Assistance).

3. Moving Allowance Alternative. A Transitioning Household that is eligible to be reimbursed for Actual Reasonable Moving Expenses may elect instead to receive a Moving Expense Allowance that will be determined according to a schedule established by TIDA, based on a moving expense allowance determined in accordance with established federal Highway Administration schedules maintained by the California Department of Transportation. The current schedule is shown in **Appendix 3**.

F. Early Transition Benefits

1. Limited Circumstances. Under certain circumstances, Transitioning Households may be eligible to receive certain Transition Benefits before receipt of a Notice to Move.

a. The In-Lieu Payment Option may be available earlier, if, and only if, TIDA provides written notice to Transitioning Households offering an early opportunity to receive an In-Lieu Payment, which may be conditioned on the Household moving out of its Existing Unit by a specified date ("**Notice of Early In-Lieu Payment Option**").

b. The Unit Purchase Assistance Option is available at any time a Transitioning Household completes the purchase of a new Dwelling on NSTI, unless the Transitioning Household has previously lost its status as a Transitioning Household by accepting an In-Lieu Payment or moving into a Transition Unit.

IV. INTERIM MOVES

A. Required Interim Moves

Some Transitioning Households will be required to make an Interim Move from one Existing Unit to another Existing Unit on TI.

An Interim Move will be required for those Transitioning Households that reside in areas proposed for redevelopment in an early phase of development. Although not currently anticipated, Interim Moves also may be required in later phases of development. Transitioning Households required to make an Interim Move will receive a First Notice to Move not less than 90 days before the Move Date and a Second Notice to Move not less than 60 days before the Move Date.

B. Benefits for Interim Moves

Transitioning Households required to make an Interim Move may elect to move to an Existing Unit on TI under the following terms:

1. Size. The offered Dwelling will have at least the same number of bedrooms as the Existing Unit unless the Transitioning Household elects to move to a smaller unit. The Transitioning Household may be offered a Dwelling that has a greater number of bedrooms if the available Dwellings with the same number of bedrooms as the Existing Unit will result in a reduction in total square footage from the Existing Unit by 10% or more.

2. Rent. The initial monthly rent for Transitioning Households making an Interim Move to an Existing Unit on TI will be determined as set forth below. In each case, the initial monthly rent will be subject to annual increases calculated by the Rent Board Adjustment.

a. If the offered Dwelling has the same or a greater number of bedrooms as the Existing Unit, the initial monthly rent for the offered Dwelling will be the lesser of: (a) the rent the Transitioning Household is paying for its Existing Unit on the date of the First Notice to Move; or (b) the market rent that TIDA would otherwise charge for the offered Dwelling on the date of the First Notice to Move.

b. If Transitioning Household has elected to move to an offered Dwelling with fewer bedrooms than its Existing Unit, the initial monthly rent on the offered Dwelling will be the lesser of: (a) the monthly rent for the Existing Unit on the date of the First Notice to Move, reduced by 10% for each reduction in bedroom count, or (b) the market rent that TIDA would otherwise charge for the offered Dwelling on the date of the First Notice to Move. For example, if a Transitioning Household occupies an Existing Unit with four bedrooms on the DDA Effective Date, but elects in an Interim Move to move into an offered Dwelling with two bedrooms, the initial monthly rent under (a) would be 80% of the monthly rent on the Existing Unit on the date of the First Notice to Move.

3. Unit Selection. The Notice to Move for an Interim Move will provide information on the process for Transitioning Households electing to move to an Existing Unit on TI to select a Dwelling.

4. Status as Transitioning Household. The Transitioning Household will retain its status as a Transitioning Household following an Interim Move, and will continue to be eligible for Transition Benefits as long as the Household continues to meet the eligibility requirements stated in **Section II.A.1.d** (Determination of Household Eligibility for Transition Benefits).

C. Option to Elect In-Lieu Payment

Instead of making an Interim Move, Transitioning Households may elect the In-Lieu Payment Option in accordance with **Article VI** (Description of In-Lieu Payment Option).

V. DESCRIPTION OF TRANSITION UNIT OPTION

A. Transition Unit Option

1. Time of Option. The Transition Unit Option is available for Transitioning Households only after TIDA delivers a Notice to Move for a Long-Term Move.

2. Benefits. Transitioning Households will have the opportunity to rent a newly-constructed Transition Unit on Treasure Island. Transitioning Households that elect to move into the offered Transition Unit will be eligible for Actual Reasonable Moving Expenses or a Moving Expense Allowance.

3. Designated Unit. TIDA will designate at least one Transition Unit for each Transitioning Household selecting the Transition Unit Option.

4. Loss of Status. A Transition Unit will be offered to each Transitioning Household unless it has lost its status as a Transitioning Household by its prior receipt of Transition Benefits for a Long-Term Move or it no longer meets the eligibility requirements stated in **Section II.A** (Determination of Household Eligibility for Transition Benefits).

5. Leases for Income-Restricted Units. Leases for Households with Section 8 vouchers, Tax Credit Eligible Households and others occupying Transition Units assisted with state, federal, or local housing funds will be subject to applicable regulations and requirements of such funding programs.

6. Loss of Option. TIDA's obligation to provide a Transitioning Household selecting the Transition Unit Option with a Transition Unit will be deemed to be satisfied if the Transitioning Household is offered and refuses to accept the Transition Unit offered.

B. Standards Applicable to Transition Units

1. Size. Except as provided below, a Transition Unit offered to a Transitioning Household under the Transition Unit Option must contain the same number of bedrooms as in the Existing Unit. Exceptions include:

a. Program regulations of certain government housing programs (e.g. tenant-based Section 8) may limit the number of bedrooms that participating Transitioning Households can be offered.

b. In determining the size of a Transition Unit, Post-DDA Tenants, Persons in Unlawful Occupancy and other Persons ineligible for Transition Benefits are excluded as Persons in the Transitioning Household, but Post-DDA Tenants will be allowed to move into a Transitioning Household's Transition Unit.

c. If the Transitioning Household is smaller when it moves into the Transition Unit than it was when its eligibility was established, TIDA will offer a Transition Unit with one bedroom per Person remaining in the Transitioning Household up to a maximum of four bedrooms.

2. Decent, Safe and Sanitary. The Dwelling must be "**Decent, Safe and Sanitary**," which means it:

a. conforms with all applicable provisions for existing structures that have been constructed under state or local building, plumbing, electrical, housing and occupancy codes, and similar ordinances or regulations;

b. has a continuing and adequate supply of potable water;

c. has a kitchen or an area set aside for kitchen use that: (i) contains a sink in good working condition connected to hot and cold water and to an adequate sewage system; and (ii) has utility service connections and adequate space for the installation of a stove and a refrigerator;

d. has an adequate heating system in good working order that will maintain a minimum temperature of 70 degrees in all habitable rooms, and all rooms must be adequately ventilated;

e. has a bathroom, well lit and ventilated and affording privacy to a person within it, containing a lavatory basin and a bathtub or stall shower, properly connected to an adequate supply of hot and cold running water, and a flush closet, all in good working order and properly connected to a sewage disposal system;

f. has an adequate and safe wiring system for lighting and other electrical services;

g. is structurally sound, weather tight, in good repair, and adequately maintained;

h. has a safe unobstructed means of egress leading to safe open space at ground level that conforms to building and fire codes;

i. has at least one room that has not less than 150 square feet of floor area, and other habitable rooms, except kitchens, that have an area of not less than 70 square feet;

j. has sleeping room(s) that include at least 70 square feet of habitable floor space for the first occupant and 50 square feet of habitable floor space for each additional occupant; and

k. is available to the Transitioning Household regardless of race, color, sex, marital status, religion, or national origin in a manner consistent with Title VIII of the Civil Rights Act of 1968 and any other applicable local, state, or federal nondiscrimination laws.

C. Required Information for Option

1. Relevant Household Information. Transitioning Households must provide all of the following information to receive the Transition Unit Option:

a. Household Income;

b. Household composition and size, including: (i) the full names of all Household members and relationship of Household members to each other; (ii) age and number of any children and elderly members of the Household; (iii) whether any members of the Transitioning Household are disabled; (iv) whether any members of the Transitioning Household are Adult Students; and (v) special needs (social and public services, special schools, and other services, need for in-home care); and

2. Time to Provide Information. To the extent all required information is not provided at the interview, Transitioning Households wishing to obtain Transition Benefits will have 30 days after the interview to provide all required information to TIDA.

D. Calculation of Household Income

A Transitioning Household's annual Household Income will be determined using the current Tenant Income Certification Form (see **Appendix 1**).

Households will be required to verify Household Income with third-party documentation such as W-2 forms, pay check stubs, tax returns or other forms of verification. Monthly Household Income will be determined based on the most recent 12 month period preceding the First Notice to Move.

E. Calculation of Base Monthly Rental Cost

The Transitioning Household will be offered a Transition Unit at an initial rent not exceeding the Base Monthly Rental Cost as determined below:

1. Adjustments for Changes in Bedroom Count. If the size of the Transitioning Household changed after the Effective Date, and the Transition Unit contains fewer bedrooms than the Household's Existing Unit as provided in **Section V.B(1)(c)** (Standards Applicable to Transition Units), for purposes of determining the Base Monthly Rental Cost the monthly rent for the Existing Unit will "**Adjusted for Changes in Bedroom Count,**" according to the following calculation: (a) calculate the Existing Unit's monthly rent by adding any annual Rent Board Adjustments to the rent for the Existing Unit on the DDA Effective Date; (b) multiply (a) by the product of 10% times the reduction in bedroom count and (c) deduct the applicable Utility Adjustment. For example, if a Transitioning Household originally rented an Existing Unit with four bedrooms but due to changes in the Transitioning Household's size received a unit with two bedrooms, the monthly rent would be reduced by 20% and adjusted for the applicable Utility Allowance based on the new unit bedroom count.

2. Households Participating in Governmental Housing Programs

a. Tax Credit Eligible Households: Base Monthly Rental Cost for Tax Credit Eligible Households will be the lesser of: (i) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count (as defined below), if applicable, less Utility Adjustment; (ii) 30% of the Transitioning Household's Average Monthly Income; or (iii) the maximum allowable rent under applicable tax credit regulations less Utility Adjustment. Tax Credit Eligible Households will be offered a

Transition Unit in housing financed with low income housing tax credits and may be required to certify Household Income annually while occupying the rent-restricted unit.

b. Households with Section 8 Vouchers: Base Monthly Rental Cost for Households with Section 8 vouchers will be the fair market rent for a Dwelling for the Household size under Section 8 program regulations, less Utility Adjustments.

3. Low Income Household (defined in Calif. Health & Safety Code § 50079.5): Base Monthly Rental Cost for Low Income Households that do not include Adult Students will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less Utility Adjustment; or (b) the maximum rent for a Low Income Household allowed by Health and Safety Code § 50053, less Utility Adjustment.

4. Moderate Income Household (defined in Calif. Health & Safety Code § 50079.5): Base Monthly Rental Cost for Moderate Income Households that do not include Adult Students will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less Utility Adjustment; or (b) the maximum rent for a Moderate Income Household allowed by Health and Safety Code § 50053, less Utility Adjustment.

5. All Other Transitioning Households: Base Monthly Rental Costs for all other Households, consisting of: (i) Transitioning Households that are not Tax Credit Eligible Households, Households with Section 8 vouchers, Low Income Households, or Moderate Income Households; (ii) Transitioning Households that include an Adult Student; and (iii) Transitioning Households that do not provide the required Household information within 30 days after their interview under **Section III.B** (Interview Household and Offer Advisory Services) will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less the Utility Adjustment; or (b) the market rent that would otherwise be charged for the Transition Unit.

F. Lease Terms for Transition Unit; Occupancy Verification

1. Lease Terms. The following will apply to each Transitioning Household accepting a Transition Unit, except for Tax Credit Eligible Households and Households with Section 8 vouchers (whose leases will comply with applicable federal regulations):

a. The Transitioning Household will enter into a lease containing the following key terms: (i) an initial period of 12 months, with automatic renewal on a month-to-month basis; (ii) a limitation on annual rent increases to the Rent Board Adjustment; (iii) a statement that the Transitioning Household may remain in the Transition Unit as long as the Household remains in Good Standing under its lease, and a description of the events that will cause the Household to be in default of its lease; and (iv) a prohibition against subleasing.

b. Each lease for a Transition Unit will require the Transitioning Household to: (i) identify each occupant of the Household by name; (ii) acknowledge that subleasing is not permitted and that subleasing will be a default under the lease; (iii) acknowledge that at least one member of the Transitioning Household must maintain the Transition Unit as his or her primary Dwelling; (iv) cooperate fully with any subsequent occupancy verification; and (v) comply with all other terms of the lease.

2. Right to Verify Occupancy by Transitioning Household. TIDA, or any subsequent owner or property management company for the Transition Unit, will have the right to verify occupancy of the Transition Unit at any time. If a Transitioning Household does not cooperate with an occupancy verification request or any member of the Household is discovered to have provided knowingly false responses: (a) the entire Transitioning Household will lose the right to continue to rent at the Base Monthly Rental Cost; (b) rent will be increased to the then-current market rate; and (c) future rent increases will not be limited to the Rent Board Adjustment. In addition, TIDA, or any subsequent owner or property management company for the Transition Unit will have the right to charge and collect the additional rent it would have charged, had the rents not been reduced under these Transition Rules and Regulations.

3. Termination of Lease for Transition Unit. If the Transition Unit is no longer occupied by any members of the Transitioning Household, the Transitioning Household's lease for the Transition Unit will terminate.

VI. DESCRIPTION OF IN-LIEU PAYMENT OPTION

A. In-Lieu Payment Option

1. Time. A Transitioning Household may elect to receive an In-Lieu Payment in response to a written offer from TIDA. TIDA currently anticipates offering the In-Lieu Payment Option at the following times:

a. when TIDA delivers a Notice to Move for an Interim Move to a Transitioning Household;

b. when TIDA delivers a Notice of Early In-Lieu Payment Option, currently anticipated to occur during a specified period between TIDA's approvals of Major Phase 2 and Major Phase 4; and

c. when TIDA delivers a Notice to Move for a Long-Term Move to a Transitioning Household.

2. Calculation of Payment. The amount of the In-Lieu Payment will be calculated using the schedule for Relocation Payments for No Fault Evictions published and updated annually by the San Francisco Rent Board (as of the date of the calculation, the "**Rent Board Schedule**"). The 2010 In-Lieu Payment Schedule, based on the 2010 Rent Board Schedule, adjusted for up to four adults, is attached as **Appendix 2**. The Transitioning Household's In-Lieu Payment will be the product of the payment per adult tenant in the Rent

Board Schedule times the number of adults in the Transitioning Household, up to a maximum of four, plus any of the following applicable adjustments:

a. if the Transitioning Household includes elderly or disabled Persons, the product of the payment per elderly or disabled Person under the Rent Board Schedule times the number of elderly or disabled persons in the Transitioning Household; and

b. if the Transitioning Household includes any minor children, an additional lump sum equal to the payment for minors under the Rent Board Schedule.

c. In determining the number of adults in a Transitioning Household, Post-DDA Tenants and, Persons in Unlawful Occupancy and other Persons ineligible for Transition Benefits are excluded as Persons in the Transitioning Household.

3. Effect of Election. Transitioning Households that elect to receive the In-Lieu Payment:

a. will no longer be eligible for the Transition Unit Option or the Unit Purchase Assistance Option

b. will not receive moving assistance;

c. will be required to vacate their Existing Units by the date specified in the Notice to Move or Notice of Early In-Lieu Payment Option to receive the In-Lieu Payment; and

d. upon written request to TIDA, will be placed on the Premarketing Notice List if not already listed.

VII. DESCRIPTION OF UNIT PURCHASE ASSISTANCE OPTION

Transitioning Households that elect to receive the Unit Purchase Assistance Option will be entitled to Down Payment Assistance.

A. Down Payment Assistance

1. Amount of Payment. A Transitioning Household electing the Unit Purchase Assistance Option will receive “**Down Payment Assistance**” described in this Section. The amount of Down Payment Assistance will be equal to the amount the Transitioning Household would have received had it chosen an In-Lieu Payment, based on the Rent Board Schedule and the number of eligible members in the Transitioning Household, up to four Persons, when the Household enters into the purchase contract for the new Dwelling on NSTI.

2. Conditions to Payment. A Transitioning Household electing to purchase a new Dwelling on NSTI will receive Down Payment Assistance only if: (a) the Household meets all applicable eligibility criteria to purchase the new Dwelling; (b) its purchase offer for the new

Dwelling is accepted; and (c) the purchase closes escrow. No Household is guaranteed that its offer to purchase a new Dwelling on NSTI will be accepted, and the purchased Dwelling need not be similar in size, bedroom count, and amenities to the Existing Unit previously occupied by the Household.

3. Escrow and Closing. Down Payment Assistance will be paid at closing into escrow. TIDA will verify the Transitioning Household's eligibility for and amount of the Down Payment Assistance to lenders and sellers of Dwellings during escrow upon request. If escrow does not close, the escrow officer will be instructed to return any Down Payment Assistance funds on deposit to TIDA.

4. Termination of Status. A Transitioning Household that elects to receive the Down Payment Assistance and closes its purchase on a new for-sale Dwelling on NSTI:

a. will no longer be eligible for the Transition Unit Option or the In-Lieu Payment Option

b. will not receive moving assistance;

c. will be required to vacate its Existing Unit by the date specified in the Notice to Move; and

d. will be removed from the Premarketing Notice List.

VIII. ADDITIONAL ASSISTANCE

A. Premarketing Assistance

1. Definitions. The following definitions will apply to the Assistance described in this Section VIII.A (Premarketing Assistance):

a. **"Post-Transition Household"** means a Transitioning Household that previously received an In-Lieu Payment.

b. **"Post-Transition Tenant"** means a Person who was a member of a Transitioning Household that previously received an In-Lieu Payment.

c. **"Premarketing Notice List"** means that email contact list that TIDA will maintain to provide notice of a Premarketing Window.

d. **"Premarketing Window"** means a specific and limited time period of no less than 30 days before the Dwellings in each new for-sale housing development on NSTI are offered for sale to the general public.

e. **"Sunset Date"** means the date that is seven years after the date that a Transitioning Household or a Post-Transition Tenant is placed on the Premarketing Notice List.

2. Early Notice. Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List will have the opportunity to make purchase offers on Dwellings in each new for-sale housing development on NSTI during the Premarketing Window.

a. If the purchase offer of a Transitioning Household that is not a Post-Transition Household is accepted: (i) the Transitioning Household also may select the Unit Purchase Assistance Option to receive Down Payment Assistance under **Section VII.A** (Down Payment Assistance); and (ii) TIDA will remove the Transitioning Household from the Premarketing Notice List after close of escrow. Post-Transition Households are not eligible for Down Payment Assistance.

b. If the purchase offer of a Post-Transition Tenant or Post Transition Household is accepted and escrow closes, TIDA will: (i) remove the Post-Transition Tenant or Post Transition Household from the Premarketing Notice List; and (ii) have no further obligation to the Post-Transition Tenant or Post Transition Household under these Transition Housing Rules and Regulations. Post-Transition Tenants are not eligible for Down Payment Assistance.

c. A Transitioning Household whose purchase offer is not accepted may stay on the Premarketing Notice List for subsequent notices of Premarketing Windows until the earliest of: (i) the date escrow closes on a subsequent purchase offer; (ii) the date the Transitioning Household moves into a Transition Unit; or (iii) the Sunset Date.

d. Post-Transition Households and Post-Transition Tenants whose purchase offers are not accepted may stay on the Premarketing Notice List for subsequent notices of Premarketing Windows until the earlier of: (i) the date escrow closes on a subsequent purchase offer; or (ii) the Sunset Date.

3. Notice List.

a. Each Transitioning Household and Post-Transition Household must: (i) provide TIDA with the names of Household members, the designated Household contact's name, and an email address for notices; and (ii) notify TIDA of any changes to Household information to remain on the Premarketing Notice List.

b. Each Post-Transition Tenant must: (i) provide TIDA with an email address for notices; and (ii) notify TIDA of any changes in the email notice address to remain on the Premarketing Notice List.

c. TIDA will have no obligation to: (i) verify that email notices that are sent are actually delivered; or (ii) update contact information of Transitioning Households, Post-Transition Households, or Post-Transition Tenants that do not notify TIDA that their email addresses have changed. TIDA will remove Transitioning Households, Post-Transition Households, and Post-Transition Tenants from the Premarketing Notice List on their respective Sunset Dates if they are then still on the list.

4. Required Acknowledgement. Before TIDA is obligated to add contact information to the Premarketing Notice List, each member of a Transitioning Household, Post Transition Household and Post-Transition Tenants will be required to sign an acknowledgment that neither TIDA nor any for-sale housing developer will be responsible for: (a) ensuring that the contact email address provided is current; (b) any inadvertent omission from the Premarketing Notice List, as long as the housing opportunity is marketed generally in the San Francisco area; or (c) guaranteeing that a Transitioning Household or a Post-Transition Tenant will qualify to purchase a new Dwelling.

5. Developer Notice Requirements. For-sale housing developers will be required to provide TIDA with advance notice of the Premarketing Window for each new for-sale housing development on NSTI, stating: (a) the start and end dates of the Premarketing Window; (ii) for each available Dwelling, the unit address, number of bedrooms, and initial offered price; (iii) the date(s) on which interested Transitioning Households, Post-Transition Households, and Post-Transition Tenants may tour the available Dwellings; and (iv) contact information for an authorized representative of the housing developer who can answer questions about the available Dwelling(s). TIDA will send email notices to all Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List before the Premarketing Window begins.

6. No Preferential Treatment. Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List will be offered the same purchase terms for the for-sale units as those offered to the general public.

a. Inclusionary units will be offered at a specified below-market-rate price to Transitioning Households, Post-Transition Households, and Post-Transition Tenants that meet all qualifying income and occupancy criteria for that Dwelling.

b. The purchase price of all other for-sale Dwellings will be the market-rate price.

c. Transitioning Households, Post-Transition Households, and Post-Transition Tenants will be required to qualify to purchase any Dwellings offered for sale during the Premarketing Window in the same manner as other members of the general public.

d. The Premarketing Window does not guarantee that a Transitioning Household, Post-Transition Household, or Post-Transition Tenant will qualify for the purchase or that its purchase offer will be accepted.

B. Moving Assistance

1. Covered Moving Expenses. All Transitioning Households that make Interim Moves and that select the Transition Unit Option for a Long-Term Move will receive either Actual Reasonable Moving Expenses or a Moving Expense Allowance. Actual Reasonable Moving Expenses will include:

a. transportation of persons and property upon NSTI;

- b. packing, crating, unpacking, and uncrating Personal Property;
- c. insurance covering Personal Property while in transit;
- d. connection charges imposed by public utilities for starting utility service;
- e. the reasonable replacement value of Personal Property lost, stolen, or damaged (unless caused by the Transitioning Household or its agent) in the process of moving, where insurance covering such loss, theft, or damage is not reasonably available; and
- f. the removal of barriers to the disabled and installations in and modifications to a disabled Person's new Dwelling as needed to accommodate special needs.

2. Allowance Alternative. A Transitioning Household electing a self-move for an Interim Move or a Long-Term Move into a Transition Unit will be paid according to the Moving Allowance Schedule in **Appendix 3** promptly after filing a claim form provided by TIDA and vacating the Existing Unit, unless the Household seeks and is granted an advance payment to avoid hardship.

3. Advance Payment to Avoid Hardship. A Transitioning Household may be paid for anticipated moving expenses in advance of the actual move. TIDA will make an advance payment whenever the Household files a claim form provided by TIDA supported by documents and other evidence that later payment would result in financial hardship. Particular consideration will be given to the financial limitations and difficulties experienced by low and moderate income residents.

4. Moving Expense Claims. A claim for payment of Actual Reasonable Moving Expenses must be supported by a bill or other evidence of expenses incurred.

a. Each claim greater than \$1,000 for the moving costs incurred by a Transitioning Household hiring a moving company must be supported by at least 2 competitive bids. If TIDA determines that compliance with the bid requirement is impractical, or if the claimant obtains estimates of less \$1,000, a claim may be supported by estimates instead. TIDA may make payment directly to the moving company.

b. A Transitioning Household's Actual Reasonable Moving Expenses will be exempt from regulation by the State Public Utilities Commission. TIDA may effect the moves by directly soliciting competitive bids from qualified bidders for performance of the work. Bids submitted in response to such solicitations will be exempt from regulation by the State Public Utilities Commission.

C. Assistance to Force Majeure Households.

In the event a Force Majeure Household is required by TIDA or any other agency to move from an Existing Unit off of NSTI as a result of a natural disaster or other condition that makes the Existing Unit uninhabitable prior to the Household receiving a First Notice to Move ("Force

Majeure Household"), the Force Majeure Household shall remain eligible for all Transition Benefits it would otherwise have been eligible for upon receipt of a First Notice to Move. The Force Majeure Household will not be eligible for Transition Benefits until such time as the First Notice to Move would have been given for the Existing Unit as determined by the implementation of the Development Plan for the area of NSTI where the Existing Unit was located. Any In-Lieu Payment Option or Down Payment Assistance will be reduced by any amounts paid to the Force Majeure Household by TIDA or any other public agency at the time the Force Majeure Household moved out of the Existing Unit, including any payments for moving expenses or replacement housing payments.

IX. IMPLEMENTATION OF TRANSITION HOUSING RULES AND REGULATIONS

A. Administration

1. Information Program. TIDA will maintain an information program using meetings, newsletters, and other mechanisms, including local media, to keep Village's residents informed on a continuing basis about: (a) TIDA's transition housing program and other information about the redevelopment process; (b) the timing and scope of any anticipated Interim Moves; (c) the timing and scope of anticipated Long-Term Moves, (c) procedures for implementing and making claims under these Transition Rules and Regulations; and (d) other information relevant to these Transition Rules and Regulations.

2. Nondiscrimination. TIDA will administer these Transition Housing Rules and Regulations in a manner that will not result in different or separate treatment on account of race, color, religion, national origin, sex, sexual orientation, marital status, familial status, or any basis protected by local, state, or federal nondiscrimination laws.

3. Site Office. TIDA may establish a site office that is accessible to all Households to provide advisory assistance described in **Section III.B** (Interview Households and Offer Advisory Services). If TIDA establishes a site office, it will be staffed with trained and experienced personnel, who may be third-party housing specialists.

4. Amendments. These Transition Rules and Regulations may be amended by TIDA from time to time by a resolution of the TIDA Board adopting an amendment at a duly noticed public meeting.

B. Household Records

1. Contents. TIDA will maintain records for each Household containing information obtained during interviews, documents submitted by residents, and existing files of its property manager. The records will contain a description of the pertinent characteristics of the Persons in the Household, the assistance determined to be necessary, and the Household's decisions on Transition Benefits. Members of a Transitioning Household will have the right to inspect their own Transitioning Household records to the extent and in the manner provided by law.

2. Confidentiality. Household income information is confidential and will only be used for its intended purpose. Confidential information will not be disclosed to third parties outside of the Household unless all members of the Household provide their written consent to disclosure or a valid court order requires disclosure.

3. Publication of Aggregate Resident Data. TIDA will have the right to publish aggregate data about the resident population on NSTI, including information that is segmented according to aggregate Villages resident data and aggregate TIHDI resident data.

X. CLAIM AND PAYMENT PROCEDURES; TERMINATION OF TRANSITION HOUSING ASSISTANCE

A. Filing Claims; Tax Forms

1. Written Claims Required. TIDA will provide claim forms for payment under these Transition Rules and Regulations. All claims for In-Lieu Payments and Down Payment Assistance must be submitted to TIDA with the Household's notice of election of that specific Transition Benefit. All claims for moving expense payments must be submitted to TIDA within six months after the date on which the claimant makes an Interim Move or moves into a Transition Unit.

2. Tax Forms. TIDA: (a) makes no representations about the tax treatment of any payments or benefits of monetary value any Person receives under these Transition Housing Rules and Regulations; (b) will require all Persons who receive an In-Lieu Payment, Down Payment Assistance, moving assistance, or any other payment under these Transition Housing Rules and Regulations to provide TIDA with valid Social Security numbers for all recipients; and (c) will file W-9 forms for all payments and benefits of monetary value made or provided to any Person under these Transition Housing Rules and Regulations.

B. Treatment of Dependents

1. Allocation of Transition Benefits. The following will apply to any Person who derives 51% or more of his or her income from one or more Persons within the same Transitioning Household in an Existing Unit (the "**Supporting Household**") or otherwise meets his or her living expenses primarily through the monetary support of the Supporting Household (a "**Dependent**").

a. A Dependent who lives with the Transitioning Household will not be entitled to any Transition Benefit except as a part of the Household, and will be counted as a member of the Transitioning Household for determining Household size.

b. If the Dependent's primary Dwelling, as determined by voter registration, driver's license, or other forms of verification, is different from that of the Supporting Household when the Supporting Household selects and receives a Transition Benefit, the Dependent will not be counted as part of the Transitioning Household when determining: (i) the size of a Transition Unit; (ii) the amount of an In-Lieu Payment; or (iii) the amount of Down Payment Assistance.

2. Documentation of Dependent Status. Any Transitioning Household claiming a Dependent must provide third-party documentation that it is a Supporting Household. TIDA will have the right to require that the Supporting Household and Dependent, if applicable, provide copies of tax returns filed for tax years preceding the claim.

C. Adjustments for Multiple Claims; Nontransferability

1. Multiple Claimants. The amount of an In-Lieu Payment, Down Payment Assistance, or Moving Expense Allowance will be determined based on the total number of eligible members in the Transitioning Household. All adult members of a Household must sign the claim form and any other required documents as a condition to TIDA's obligation to pay Transition Benefits and moving assistance.

2. Multiple Claims. A single claim form for each payment claim by a Transitioning Household is preferred, but not required. Unless otherwise specified in a claim form, TIDA will issue separate checks to each adult in the Transitioning Household in equal shares, adjusted for Dependents and elderly or disabled members of the Household. If two or more eligible Persons in a single Transitioning Household submit more than one claim for any payment under these Transition Rules and Regulations, which in the aggregate exceed the payment limits to be made to the entire Transitioning Household, TIDA will pay each eligible claimant an equal share of the payment, up to the aggregate amount of the payment limits. As provided in **Section VII.A** (Down Payment Assistance), Transitioning Households that choose Down Payment Assistance will not receive direct payment; TIDA will deposit the entire amount of any Down Payment Assistance directly into escrow.

3. Nontransferability. The right to Transition Benefits and other assistance under these Transition Housing Rules and Regulations is personal to each member of a Transitioning Household and is not a property right. Therefore, a Transitioning Household's member's right to Transition Benefits and other assistance cannot be transferred by contract, inheritance, or any other means.

D. Termination of TIDA's Obligations

1. Termination of Right to Transition Benefits. TIDA's obligation to provide Transition Benefits to a Transitioning Household under these Transition Housing Rules and Regulations will terminate under the following circumstances:

a. The Transitioning Household moves off NSTI before receiving a Long-Term Notice to Move or a Notice of Early In-Lieu Payment Option.

b. The Transitioning Household moves to a Transition Unit and receives all moving assistance to which it is entitled.

c. The Transitioning Household moves off-NSTI after receiving a Notice to Move or a Notice of Early In-Lieu Payment Option and receives an In-Lieu Payment.

d. The Transitioning Household moves from an Existing Unit to a new for-sale Dwelling on NSTI and receives Down Payment Assistance.

e. The Transitioning Household refuses reasonable offers of assistance, payments, and a Transition Unit after receiving a Notice to Move.

f. TIDA determines a Household is not or has ceased to be a Transitioning Household or is otherwise not entitled to Transition Benefits.

2. Acknowledgement of Change in Status upon Receipt of Benefits. Each member of a Transitioning Household that receives Transition Benefits will be required to acknowledge in writing that he or she has received or is about to receive the Transition Benefits, and, upon receipt, the Household will cease to be a Transitioning Household entitled to any Transition Benefits, other assistance, and advisory services under these Transition Housing Rules and Regulations.

3. Records as Evidence. TIDA will be entitled to rely on and use its written offers of Transition Benefits to a Transitioning Household that refuses them, and all other information in the Transitioning Household's records, as evidence in any grievance proceeding or lawsuit.

4. Notice of Status. Except for a change in status after the Transitioning Household receives a Transition Benefit, TIDA will provide written notice of any determination that a Household is not or has ceased to be a Transitioning Household or is otherwise not entitled to Transition Benefits, delivered to the Transitioning Household's last known address.

5. Termination of Other Assistance. TIDA's obligations to provide moving assistance and to provide notices of Premarketing Windows will terminate as provided in **Article VIII** (Other Assistance).

XI. GRIEVANCE PROCEDURES

A. Administrative Remedies

1. Right to Appeal and Be Represented by Counsel. Any member of a Household, and any Household, that disagrees with a TIDA determination regarding eligibility for Transition Benefits, the proposed amount of payment, or the adequacy of the Transition Unit to which the Transitioning Household was referred may appeal the determination, but the Person or Household (individually, or as a Household, the "**Grievant**") must exhaust the prescribed administrative remedies before seeking judicial review. The Grievant will be entitled to be represented by an attorney at his or her, or the Household's, own expense at all stages of review under these Transition Housing Rules and Regulations.

2. Executive Director Review. The first step in administrative remedies available to a Grievant is the right to an appeal to the Executive Director of TIDA, as follows:

a. The Grievant must make a written request for review by the Executive Director no later than 12 months after the Grievant receives either a Long Term Notice to Move or an Interim Notice to Move. The Grievant's written request must state the basis for the claim and the relief sought.

b. The Grievant will be entitled to meet with the Executive Director and to present additional evidence and information that the Grievant has not presented previously through the interview process.

c. The Executive Director will make a determination based on the information the Grievant has provided to TIDA through the interview processes as well as any additional information presented by the Grievant.

d. The Executive Director must make a final determination in writing, stating the reasons for the determination within six weeks after conferring with the Grievant.

3. Hearing Before Relocation Appeals Board. If the Grievant is not satisfied with the Executive Director's determination, the second step in the administrative remedies available to a Grievant is an appeal to the Treasure Island Relocation Appeals Board (the "**RAB**"), which will be determined according to the procedures below.

a. No later than 30 days after the TIDA Executive Director delivers his or her written determination under **Section XI.A.2** (Executive Director Review) to the Grievant, the Grievant must submit a written appeal to the RAB, with a copy to TIDA, stating the basis for his or her claim and the relief sought by the Grievant. If the Grievant wishes to submit information in addition to that previously provided to TIDA, the additional information must be submitted with the written appeal, and TIDA will have 30 days to provide a response to any new material.

b. The RAB will review and reconsider the Grievant's claim in light of: (i) all material upon which the Executive Director based his or her original determination, including these Transition Housing Rules and Regulations; (ii) the Grievant's written request for an appeal; (iii) any additional written or relevant documentary material submitted by the Grievant; (iv) any material submitted by TIDA in response to new information-submitted by the Grievant with the appeal; and (v) any further information that the RAB, in its discretion, obtains by request to ensure fair and full review of the claim.

c. The RAB may choose to hold a hearing, and must hold a hearing if requested by the Grievant. All RAB hearings will be public meetings subject to state and local public meeting laws. The RAB's review will be limited to whether the Grievant is entitled to the claimed relief under these Transition Housing Rules and Regulations. Its determination must be based on the information presented during the appeal and these Transition Rules and Regulations. All members of the RAB shall be required to disclose in a public meeting any communications and contacts such member has had with the Grievant outside of the hearing. The RAB will not be authorized to make any monetary award (including attorneys' fees and costs of appeal) other than a payment authorized under these Transition Rules and Regulations.

d. The RAB must issue a written determination to the Grievant and TIDA no later than six weeks from receipt of the last material submitted by any party or the date of the hearing, whichever is later, stating: (i) the RAB's decision; (ii) the basis upon which the decision rests, including any pertinent explanation or rationale; and (iii) a statement that the Grievant may appeal the decision in accordance with the procedure set forth below.

e. The RAB may reject an appeal for untimeliness by a written statement to the Grievant.

4. Administrative Law Judge Review. The final step in administrative remedies available to a Grievant is an appeal to an administrative law judge ("ALJ") on the Rent Board staff who is assigned to hear appeals under these Transition Rules and Regulations, as follows:

a. No later than 30 days after the RAB delivers its written determination under **Section XI.A.3** (Hearing Before Relocation Appeals Board) to the Grievant, the Grievant must submit a written appeal to the ALJ, and deliver a copy of the appeal to TIDA at the same time, stating the basis for the claim and the relief sought.

b. TIDA will have 15 days after a signed appeal is filed with the ALJ to provide the ALJ with copies of information related to the Grievant's case, including all additional evidence or information submitted by the Grievant to the RAB and TIDA's records related to the Grievant.

c. The assigned ALJ may attempt to resolve the dispute without a hearing, but is not required to do so.

d. The ALJ will conduct a hearing unless the dispute has been resolved before the hearing date.

e. The ALJ must make a final determination in writing, stating the reasons for the determination, and deliver the determination to the Grievant, with a copy to TIDA at the same time. The ALJ determination must include a statement that the Grievant has exhausted administrative remedies under these Transition Rules and Regulations.

5. Right to Judicial Review. The Grievant may seek judicial review after the administrative remedies described above have been exhausted.

XII. PROPERTY MANAGEMENT PRACTICES

A. Eviction

1. Grounds for Eviction. In addition to all other grounds under the Residential Leases and California law, TIDA may initiate eviction proceedings to remove a Household from its Existing Unit:

a. after the date specified in a Notice to Move for an Interim Move or for a Long-Term Move has passed, and: (i) the Household is a Transitioning Household that has

refused TIDA's offers of a Transition Benefit, including the right to relocate to a Transition Unit; or (ii) the Household is a Transitioning Household that has not vacated its Existing Unit after selecting and receiving a Transition Benefit; or (iii) the Household is a Post-DDA Household and has failed to vacate the Existing Unit after receipt of a Notice of Move.

b. after TIDA issues a notice to move due to: (i) a major disaster as defined in § 102(2) of the federal Disaster Relief Act of 1974; (ii) a state of emergency declared by the President of the United States or the Governor of the State of California; or (iii) any other emergency, or other condition, as determined by a Federal, State or Local governmental entity or department with jurisdiction over the premises, that requires the Household to move immediately from the Existing Unit because continued occupancy of the Existing Unit by the Household constitutes a substantial, or potential, danger to the health or safety, or both, of the Household, or the Existing Unit has become uninhabitable.

B. Post-DDA Tenants

1. Notice of Status. Before prospective Post-DDA Tenants move into any Existing Unit, TIDA will inform them:

a. that the Existing Unit will be available only for an interim period pending redevelopment of NSTI;

b. of the projected date that the Existing Unit is expected to be vacated and demolished for development, if known;

c. that, along with all other Villages residents, all Post-DDA Tenants will receive periodic notices from TIDA with updates about the progress of the project;

d. that TIDA will provide 90 days' notice of the date by which they must vacate their Existing Unit; and

e. that no Post-DDA Tenant is eligible for Transition Benefits under these Transition Rules and Regulations or relocation benefits under applicable relocation laws.

2. Advisory Services. Post-DDA Tenants are not eligible for Transition Benefits under these Transition Housing Rules and Regulations, unless an exception under **Section II.A.1** (Defined Terms for Determining Eligibility) applies, but are eligible for advisory services under **Section III.B** (Interview Households and Offer Advisory Services).

XIII. INTERPRETATION

A. Rules of Interpretation and Severability

1. The captions preceding the articles and sections of these Transition Housing Rules and Regulations and in the table of contents have been inserted for convenience of reference only and must be disregarded in interpreting these Transition Housing Rules and Regulations. Wherever reference is made to any provision, term, or matter in these Transition

Housing Rules and Regulations, the term “in these Transition Housing Rules and Regulations” or “hereof” or words of similar import, the reference will be deemed to refer to any reasonably related provisions of these Transition Housing Rules and Regulations in the context of the reference, unless the reference refers solely to a specific numbered or lettered section, subdivision, or paragraph of these Transition Housing Rules and Regulations.

2. References to all laws, including specific statutes, relating to the rights and obligations of any person or entity mean the laws in effect on the effective date of these Transition Housing Rules and Regulations and as they are amended, replaced, supplemented, clarified, or superseded at any time while any obligations under these Transition Housing Rules and Regulations are outstanding, whether or not foreseen or contemplated.

3. The terms “include,” “included,” “including,” and “such as” or words of similar import when following any general term, statement, or matter may not be construed to limit the term, statement, or matter to the specific items or matters, whether or not language of non-limitation is used, but will be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of the term, statement, or matter, and will be deemed to be followed by the phrase “without limitation” or “but not limited to.”

4. Whenever required by the context, the singular includes the plural and vice versa, the masculine gender includes the feminine or neuter genders and vice versa, and defined terms encompass all correlating forms of the terms (e.g., the definition of “waive” applies to “waiver,” “waived,” “waiving”).

5. The provisions of these Transition Housing Rules and Regulations are severable, and if any provision or its application to any person or circumstances is held invalid by a final order or judgment of a court with valid jurisdiction over the matter, the invalid provision will not affect the other provisions or the application of those Transition Housing Rules and Regulations that can be given effect without the invalid provision or application.

APPENDIX 1

Sample of Tenant Income Certification Form
(as published by the California Tax Credit Allocation Committee)

APPENDIX 2

2011 In-Lieu Payment Schedule

Based on the 2010 San Francisco Rent Board Relocation Payments for No Fault Evictions

(Adjusted for maximum of four adults)

Date of Second Notice to Move	In-Lieu Payment Amount Due Per Tenant	Maximum In-Lieu Payment Amount Due Per Unit <i>(Maximum of 4 Adults)</i>	PLUS Additional Amount Due for Each Elderly (60 years or older) or Disabled Tenant or Household with Minor Child(ren)
3/01/11 – 2/29/12	\$5,101.00	\$20,404.00	\$3,401.00

APPENDIX 3

Sample Moving Expense Allowance Schedule
(as published by the California Department of Transportation)

Fixed Moving Schedule CALIFORNIA (Effective 2008)	
Occupant Owns Furniture:	
1 room	\$625
2 rooms	\$800
3 rooms	\$1,000
4 rooms	\$1,175
5 rooms	\$1,425
6 rooms	\$1,650
7 rooms	\$1,900
8 rooms	\$2,150
Each additional room	\$225
Occupant does NOT Own Furniture:	
1 room	\$400
Each additional room	\$65

APPENDIX 4

Definitions

The following terms used in these Transition Rules and Regulations are defined as follows:

“**Actual Reasonable Moving Expenses**” is defined in **Section VIII.E** (Moving Assistance).

“**Adjusted for Changes in Bedroom Count**” is defined in **Section V.E.1** (Adjustment for Changes in Bedroom Count).

“**adult**” means a Person 18 years old or older.

“**Adult Student**” means an adult who, during the previous 12 months, was enrolled in two or more courses concurrently at an accredited educational institution, unless the Person is: (1) receiving assistance under Title IV of the Social Security Act; (2) enrolled in a job-training program; or (3) in a Transitioning Household composed entirely of full-time Adult Students who are single parents and are not listed as Dependents on someone else’s tax return or who are married and file a joint return.

“**ALJ**” is defined in **Section XI.A.4** (Administrative Law Judge Review).

“**Average Monthly Income**” when used in determining Base Monthly Rental Cost, means the Transitioning Household’s Household Income divided by 12.

“**Base Monthly Rental Cost**” means the amount that a Transitioning Household will pay as its initial rent for a Transition Unit, calculated as explained in **Section V.E** (Calculation of Base Monthly Rental Cost).

“**Base Redevelopment Act**” is defined in **Section I.A** (Background).

“**BRAC**” is defined in **Section I.A** (Background).

“**CEQA**” is defined in **Section I.A** (Background).

“**City**” means the City and County of San Francisco, a municipal corporation organized and existing under the laws of the State of California, or, as the context requires, the area within the City’s jurisdictional boundaries.

“**DDA**” is defined in **Section I.A** (Background).

“**DDA Effective Date**” is defined in **Section I.E** (Effective Date).

“**Decent, Safe, and Sanitary Housing**” means a Dwelling that meets the minimum requirements specified in **Section V.B** (Standards Applicable to Transition Units).

“**Dependent**” is defined in **Section X.B.1** (Treatment of Dependents).

“**Development Plan**” is defined in **Section I.A** (Background).

“**Down Payment Assistance**” means the Transition Benefit offered as part of the Unit Purchase Assistance Option, described in **Section VII.A** (Down Payment Assistance).

“**Dwelling**” means the primary Dwelling of a Household, including a single-family residence, a single-family residence in a two-family building, multi-family or multi-purpose building, or any other residence that either is considered to be real property under state law or cannot be moved without substantial damage or unreasonable cost.

“**elderly**” means a Person who is 60 years of age or older.

“**Existing Unit**” is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

“**First Notice to Move**” means a written notice to a Household, as described in **Section III.A** (First Notice to Move).

“**Good Standing**” is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

“**Grievant**” is defined in **Section XI.A** (Right to Appeal and Be Represented by Counsel).

“**Household**” is defined in **Section II.A.1** (Determination of Household Eligibility for Transition Benefits).

“**Household Income**” means the total annual income of a Household including the total annual income of all adults, determined according to the then-current Tenant Income Certification Form published by the Tax Credit Allocation Committee.

“**Households with Section 8 Vouchers**” means Transitioning Households that meet all of the criteria for occupying a Dwelling under Section 8 regulations and has been allocated a Section 8 Voucher..

“**HUD**” means the United States Department of Housing and Urban Development or any successor federal agency.

“**In-Lieu Payment**” means the Transition Benefit offered to Transitioning Households in the In-Lieu Payment Option, described in **Section VI.A** (In-Lieu Payment Option).

“**In-Lieu Payment Option**” means the Transition Benefit offered to Transitioning Households described in **Article VI** (Description of In-Lieu Payment Option).

“**Interim Move**” is defined in **Section I.D** (Overview and Program Framework).

“**Long-Term Move**” is defined in **Section I.D** (Overview and Program Framework).

“Low Income Household” means a Transitioning Household: (1) whose income does not exceed the qualifying limits for lower income Households as determined in accordance with Health and Safety Code Section 50079.5; and (2) that does not contain any Adult Students.

“minor” means a member of a Household who is under 18 years of age, excluding foster children, the head of Household, and a spouse of a member of the Household.

“Moderate Income Household” means a Household: (1) whose income exceeds the maximum income limitations for a Low Income Household, but does not exceed 120% of area median income as determined in accordance with Health and Safety Code Section 50093; and (2) that does not contain any Adult Students.

“Move Date” is defined in **Section III.C.1** (Second Notice to Move).

“Moving Expense Allowance” is defined in **Section III.E** (Complete the Move).

“Notice of Early In-Lieu Payment Option” is defined in **Section III.F** (Early Transition Benefits).

“Notice to Move” means a First Notice to Move or a Second Notice to Move, as appropriate in the context.

“NSTI” is defined in **Section I.A** (Background).

“Person” means an individual.

“Personal Property” means tangible property that is situated on real property vacated or to be vacated by a Transitioning Household and that is considered personal property under the state law, including fixtures, equipment, and other property that may be characterized as real property under state or local law, but that the tenant may lawfully and at his or her election may move.

“Post-DDA Tenant” is defined in **Section II.A1** (Determination of Household Eligibility for Transition Benefits).

“Post-Transition Household” is defined in **Section VIII.A** (Premarketing Assistance).

“Post-Transition Tenant” is defined in **Section VIII.A** (Premarketing Assistance).

“Premarketing Notice List” is defined in **Section VIII.A** (Premarketing Assistance).

“Premarketing Window” is defined in **Section VIII.A** (Premarketing Assistance).

“RAB” is defined in **Section XI.A.3** (Hearing before Relocation Appeals Board).

“**Rent Board Adjustment**” means the annual rent increases allowed by the San Francisco Residential Rent Stabilization and Arbitration Board under Chapter 37 of the Administrative Code.

“**Rent Board Schedule**” is defined in **Section VI.A.2** (Calculation of Payment).

“**Residential Lease**” is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

“**Second Notice to Move**” means a written notice to a Household, as described in **Section III.C** (Second Notice to Move).

“**Section 8**” means Section 8 of the United States Housing Act of 1937.

“**Sunset Date**” is defined in **Section VIII.A** (Premarketing Assistance).

“**Supporting Household**” is defined in **Section X.B.1** (Treatment of Dependents).

“**Tax Credit Eligible Household**” means a Transitioning Household that meets all of the criteria for occupying a Dwelling subject to a low income housing tax credit regulatory agreement, including maximum income limitations (generally not exceeding 60% of area median income).

“**Tenant**” means a Person who rents or is otherwise in lawful possession of a Dwelling, including a sleeping room, that is owned by another Person.

“**Term Sheet Resolution**” is defined in **Section I.A** (Background).

“**The Villages**” is defined in **Section I.A** (Background).

“**TICD**” is defined in **Section I.A** (Background).

“**TIDA**” is defined in **Section I.A** (Background).

“**TIDA Board**” is defined in **Section I.A** (Background).

“**TIHDI**” is defined in **Section I.A** (Background).

“**Transition Benefits**” is defined in **Section I.B** (Purpose).

“**Transition Housing Rules and Regulations**” is defined in **Section I.A** (Background).

“**Transition Unit**” is a newly-constructed Dwelling on Treasure Island that meets the standards of **Section V.B** (Standards Applicable to Transition Units).

“**Transition Unit Option**” means the benefit offered to Transitioning Households described in **Article V** (Description of Transition Unit Option).

“Transitioning Household” is defined in **Section II.A.** (Determination of Household Eligibility for Transition Benefits).

“Unit Purchase Assistance Option” means the Transition Benefit offered to Transitioning Households, described in **Article VII** (Description of Unit Purchase Assistance Option).

“Unlawful Occupancy” is defined in **Section II.A.1** (Determination of Household Eligibility for Transition Benefits).

“Utility Adjustment” means the amount by which rent for a Transition Unit will be adjusted downward to reflect any utilities that are not included in the rent of the Transition Unit, if the same utilities were included in the rent of the Existing Unit. The downward rent adjustment will be calculated according to the Utility Allowance Schedule.

“Utility Allowance Schedule” means the schedule published by the San Francisco Housing Authority to determine allowances for tenant-furnished utilities for Dwelling Units in the City. If the San Francisco Housing Authority publishes a Utility Allowance Schedule that includes allowances for energy efficient appliances or Dwelling Units, the energy efficient schedule will be used for the Utility Adjustment. For these Transition Housing Rules and Regulations, only allowances specifically allocated to electricity, natural gas, trash, water, and sewer, if applicable, will be considered.

SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

EXHIBIT D

**EXHIBIT D-1 -COVER PAGE OF SEISMIC REPORT
EXHIBIT D-2 -COVER PAGE OF STRUCTURAL REPORT**

TREASURE ISLAND REUSE PLAN

EXISTING CONDITIONS REPORT: VOL. 2

PHYSICAL CHARACTERISTICS,
BUILDING AND INFRASTRUCTURE CONDITIONS

AUGUST 1995

PREPARED FOR:

The Office Of Military Base Conversion,
Planning Department, City & County of San Francisco,
and the San Francisco Redevelopment Agency

PREPARED BY:

ROMA Design Group
Cérbatos & Associates Consulting Electrical Engineers
Cervantes Design Associates
Don Todd Associates, Inc.
Manna Consultants, Inc.
Moffatt & Nichol Engineers
Olivia Chen Consultants, Inc.
Takahashi Consulting Engineers
Treadwell & Rollo, Inc.

City and County of San Francisco
San Francisco Redevelopment Agency

Treasure Island Study
Seismic Evaluation of the
1400 Series Housing Buildings

Prepared by

SOH & Associates, Structural Engineers
550 Kearny Street, Suite 200
San Francisco, CA 94108

May 22, 1996

SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

EXHIBIT E

NOTICE OF COMMENCEMENT DATE

SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT
EXHIBIT F
CAPITAL BUDGET AND 1ST YEAR OPERATING BUDGET

THE VILLAGES AT TREASURE ISLAND
FY 2014-2015 Operating Budget
PREPARED BY THE JOHN STEWART COMPANY

		MONTHLY	ANNUAL
PROJECT REVENUE			
Gross Income Potential			
5120	Rental Income - Tenant	\$ 1,061,833	\$ 12,742,000
5122	Housing Authority Income	\$ -	\$ -
5192	Insurance Claim Income	\$ -	\$ -
Total Gross Income Potential		\$ 1,061,833	\$ 12,742,000
Vacancies and Concessions			
5220	Vacancy-Residential	\$ -	\$ -
5250	Rental Concessions	\$ (833)	\$ (10,000)
5280	Vacancies Due To Relocation	\$ (165,083)	\$ (1,981,000)
Total Vacancies and Concessions		\$ (165,917)	\$ (1,991,000)
Financial Revenue			
5410	Interest Inc - Operating	\$ 83	\$ 1,000
5440	Interest Inc - Reserves	\$ 167	\$ 2,000
Total Financial Revenue		\$ 250	\$ 3,000
Other Income			
5912	Insurance Claim Reimbursement	\$ -	\$ -
5920	NSF & Late Charges	\$ 1,667	\$ 20,000
5930	Clean/Damage/Maintenance	\$ 667	\$ 8,000
5940	Public Records Fees	\$ 1,250	\$ 15,000
5990	Miscellaneous Income	\$ 7,300	\$ 87,600
Total Other Income		\$ 10,883	\$ 130,600
TOTAL REVENUE		\$ 907,050	\$ 10,884,600
PROJECT EXPENSES			
Marketing Expenses			
6210	Advertising	\$ 2,083	\$ 25,000
6215	Marketing Payroll	\$ 3,333	\$ 40,000
6250	Public Reports Fees	\$ 1,250	\$ 15,000
6270	Marketing Model Unit	\$ -	\$ -
Total Marketing Expenses		\$ 6,667	\$ 80,000

Administrative Expenses

6310	On-Site Administrative PR	\$	16,500	\$	198,000
6311	Office Expenses	\$	4,167	\$	50,000
6320	Management Fees	\$	31,855	\$	382,260
6326	Temporary Services	\$	2,083	\$	25,000
6330	Payroll - Manager	\$	7,038	\$	84,450
6331	Management Unit	\$	2,917	\$	35,000
6340	Legal/Mediation Expenses	\$	4,167	\$	50,000
6350	CPA/Audit Services	\$	1,375	\$	16,500
6360	Tel. & Answering Service	\$	3,750	\$	45,000
6370	Collection Loss	\$	4,333	\$	52,000
6385	Mileage/Travel	\$	300	\$	3,600
6390	Misc. Admin. Expenses	\$	1,250	\$	15,000
6392	Seminars / Training	\$	200	\$	2,400
6396	Computer Charges	\$	3,833	\$	46,000
6395	Prevailing Wage Certification	\$	1,000	\$	12,000
6398	Remediation Services	\$	1,000	\$	12,000
Total Administrative Expenses		\$	85,768	\$	1,029,210

Utilities

6450	Electricity	\$	153,000	\$	1,836,000
Total Utilities		\$	153,000	\$	1,836,000

Operating & Maintenance Expenses

6510	Payroll - Maintenance	\$	17,000	\$	204,000
6515	Janitorial Supplies	\$	1,000	\$	12,000
6517	Janitorial Contract	\$	1,583	\$	19,000
6519	Pest - Supp & Contracts	\$	1,667	\$	20,000
6519-010	Pest - Bed Bug Remediation	\$	417	\$	5,000
6521	Oper/Maint Rent Free Unit	\$	1,917	\$	23,000
6525	Garbage Removal	\$	26,000	\$	312,000
6530	Security PR / Contract	\$	31,917	\$	383,000
6532	Security Supplies	\$	1,667	\$	20,000
6533	Fire Protection Expenses	\$	417	\$	5,000
6534	Tree Maintenance	\$	2,000	\$	24,000
6537	Landscape Contracts	\$	49,000	\$	588,000
6540	Repairs Materials Environ	\$	250	\$	3,000
6541	Repairs Materials/Supp	\$	14,583	\$	175,000
6542	Repairs Contract	\$	4,000	\$	48,000
6543	Plumbing Maintenance	\$	5,000	\$	60,000
6544	Electrical Maintenance	\$	2,917	\$	35,000
6546	Heating/Cooling Repairs	\$	2,917	\$	35,000
6553	Appliance Repairs	\$	250	\$	3,000

6560	Deco/Painting Contract	\$	7,500	\$	90,000
6561	Deco/Painting Supplies	\$	2,500	\$	30,000
6570	Maint-Vehicle Ops/Repair	\$	2,000	\$	24,000
6573	Uniform/Laundry Service	\$	250	\$	3,000
6589	Maint-Common Area	\$	28,300	\$	339,600
6590	Micellaneous	\$	250	\$	3,000
Total Operating & Maintenance		\$	205,300	\$	2,463,600

Taxes and Insurance

6710	Real Estate Taxes	\$	6,583	\$	79,000
6711	Payroll Taxes	\$	5,417	\$	65,000
6720	Property Insurance	\$	14,583	\$	175,000
6721	Fidelity Bond	\$	258	\$	3,100
6722	Workers Comp.	\$	4,083	\$	49,000
6723	Health Ins. / EE Benefits	\$	6,625	\$	79,500
6723-010	401K Matching	\$	750	\$	9,000
6790	Misc.Licenses/Permits	\$	250	\$	3,000
Total Taxes and Insurance		\$	38,550	\$	462,600

Financial Expense

6802	Insurance Claim Expense	\$	-	\$	-
6841	Interest on Security Deposits	\$	250	\$	3,000
Total Financial Expenses		\$	250	\$	3,000

Service Expense

6990	Community Center	\$	750	\$	9,000
6992	Recreational Supplies	\$	50	\$	600
Total Service Expenses		\$	800	\$	9,600

Corporate Expense

7140	Rent	\$	52,251	\$	627,013
7141	Rent-TIDA	\$	269,947	\$	3,239,364
7142	Rent-JSCO	\$	14,208	\$	170,493
Total Corporate Expenses		\$	336,406	\$	4,036,870

TOTAL OPERATING EXPENSES \$ 826,740 \$ 9,920,880

NET INCOME \$ 80,310 \$ 963,720

Reserve Expenditures

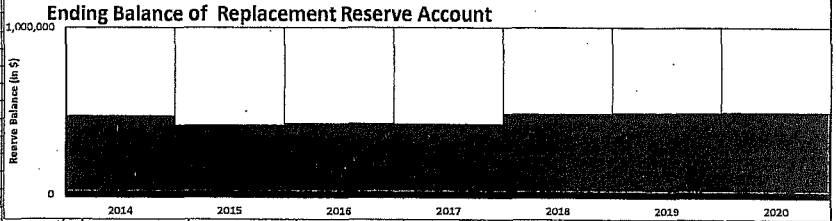
7220	Appliance Replacements	\$	8,333	\$	100,000
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7230	Interior Replacements	\$	27,083	\$	325,000
7240	Exterior Replacements	\$	33,333	\$	400,000
Total Reserve Expenditures		\$	68,750	\$	825,000
	Replacement Reserve Funding	\$	11,560	\$	138,720
	Supplemental Reserve Funding	\$	-	\$	-
	PROJECTED OPERATING SURPLUS	\$	-	\$	-

The Villages at Treasure Island - Treasure Island Units
Ten Year Maintenance and Capital Needs Expenditure Projection

Prepared by The John Stewart Company
 June 5, 2014

ITEM	FISCAL YEAR	Current Replacement Costs							Expenditures							
		TOTAL QUANT	UNIT	UNIT COST	PREVAIL WAGE FACTOR	ADJUSTED UNIT COST	CURRENT REPL COST	EST LIFE	EST REM LIFE	1	2	3	4	5	6	7
										2014	2015	2016	2017	2018	2019	2020
APPLIANCE REPLACEMENT																
Ranges		474	each	\$ 400	\$ 60	\$ 460	\$ 218,040	15	varies	\$ 14,536	\$ 14,754	\$ 14,975	\$ 15,200	\$ 15,428	\$ 15,659	\$ 15,894
Refrigerators		474	each	\$ 550	\$ 83	\$ 633	\$ 299,805	15	varies	\$ 19,987	\$ 20,287	\$ 20,591	\$ 20,900	\$ 21,213	\$ 21,532	\$ 21,855
Garbage disposals		474	each	\$ 150	\$ 23	\$ 173	\$ 81,765	5	varies	\$ 4,088	\$ 4,150	\$ 4,212	\$ 4,275	\$ 4,339	\$ 4,404	\$ 4,470
Range hood fans		474	each	\$ 125	\$ 19	\$ 144	\$ 68,138	15	varies	\$ 3,407	\$ 3,458	\$ 3,510	\$ 3,562	\$ 3,616	\$ 3,670	\$ 3,725
Bath fans		1,150	each	\$ 250	\$ 38	\$ 288	\$ 330,825	15	varies	\$ 22,042	\$ 22,372	\$ 22,708	\$ 23,048	\$ 23,394	\$ 23,745	\$ 24,101
Unit hot water heaters		298	each	\$ 1,200	\$ 180	\$ 1,380	\$ 408,480	12	varies						\$ 36,671	\$ 37,221
Unit Furnaces		298	each	\$ 1,500	\$ 225	\$ 1,725	\$ 510,600	18	varies	\$ 28,367	\$ 28,792	\$ 29,224	\$ 29,662	\$ 30,107	\$ 30,559	\$ 31,017
Hydronic wall/baseboard heaters		924	each	\$ 400	\$ 60	\$ 460	\$ 425,040	25	varies	\$ 17,002	\$ 17,257	\$ 17,515	\$ 17,778	\$ 18,045	\$ 18,316	\$ 18,590
Heating/domestic hot water boilers		30	each	\$ 22,000	\$ 3,300	\$ 25,300	\$ 759,000	30		\$ 50,600	\$ 51,359	\$ 52,129	\$ 52,911			
Unscheduled Replacements		2.5 %					\$ 77,537			\$ 4,001	\$ 4,061	\$ 4,122	\$ 4,183	\$ 2,904	\$ 3,864	\$ 3,922
APPLIANCE REPLACEMENT TOTAL							\$ 3,179,030			\$ 164,029	\$ 166,489	\$ 168,987	\$ 171,521	\$ 119,047	\$ 158,420	\$ 160,796
INTERIOR REPLACEMENT																
Carpet		2,362	rooms	\$ 400	\$ 60	\$ 460	\$ 1,086,520	10	varies	\$ 54,326	\$ 55,141	\$ 55,968	\$ 56,808	\$ 57,660	\$ 58,525	\$ 59,402
Resilient flooring		2,098	rooms	\$ 550	\$ 83	\$ 633	\$ 1,326,985	20	varies	\$ 66,349	\$ 67,344	\$ 68,356	\$ 69,380	\$ 70,421	\$ 71,477	\$ 72,549
Kitchen cabinets		474	each	\$ 2,400	\$ 360	\$ 2,760	\$ 1,308,240	20	varies	\$ 32,706	\$ 33,197	\$ 33,695	\$ 34,200	\$ 34,713	\$ 140,935	\$ 143,049
Bath vanity cabinets		1,150	each	\$ 350	\$ 53	\$ 403	\$ 462,875	20	varies	\$ 11,572	\$ 11,745	\$ 11,922	\$ 12,100	\$ 12,282	\$ 49,865	\$ 50,613
Kitchen countertops (plastic lam)		474	each	\$ 450	\$ 68	\$ 518	\$ 245,295	12	varies	\$ 10,221	\$ 10,374	\$ 10,530	\$ 10,687	\$ 10,848	\$ 44,042	\$ 44,703
Toilets		1,150	each	\$ 250	\$ 38	\$ 288	\$ 330,825	20	varies						\$ 17,809	\$ 18,076
Bathtubs (enameled steel) & fixtures		588	each	\$ 1,400	\$ 210	\$ 1,610	\$ 946,680	20	varies	\$ 47,334	\$ 48,044	\$ 48,785	\$ 49,496	\$ 50,239	\$ 50,992	\$ 51,757
Tub surrounds (fiberglass)		588	each	\$ 800	\$ 120	\$ 920	\$ 540,960	20	varies	\$ 27,048	\$ 27,454	\$ 27,865	\$ 28,284	\$ 28,708	\$ 29,138	\$ 29,575
Bath sinks (vanity tops) & fixtures		1,150	each	\$ 550	\$ 83	\$ 633	\$ 727,375	15	varies	\$ 36,369	\$ 36,914	\$ 37,468	\$ 38,030	\$ 38,600	\$ 39,179	\$ 39,767
Kitchen sinks & fixtures		474	each	\$ 450	\$ 68	\$ 518	\$ 245,295	15	varies	\$ 12,265	\$ 12,449	\$ 12,635	\$ 12,825	\$ 13,017	\$ 13,213	\$ 13,411
Smoke alarms (electric or sealed)		2,362	each	\$ 50	\$ 8	\$ 58	\$ 135,815	10	varies	\$ 13,582	\$ 13,785	\$ 13,992	\$ 14,202	\$ 14,415	\$ 14,631	\$ 14,851
Carbon monoxide alarms		870	each	\$ 50	\$ 8	\$ 58	\$ 50,025	7	varies							
Unscheduled Replacements		2.5 %					\$ 185,167			\$ 3,980	\$ 4,019	\$ 4,079	\$ 4,141	\$ 4,203	\$ 6,472	\$ 6,589
INTERIOR REPLACEMENT TOTAL							\$ 7,591,857			\$ 315,730	\$ 320,466	\$ 325,273	\$ 330,153	\$ 335,105	\$ 536,277	\$ 544,321
EXTERIOR REPLACEMENTS																
Sliding glass doors (retrofit)		474	each	\$ 1,350	\$ 203	\$ 1,553	\$ 735,885	30	0	\$ 24,530	\$ 24,897	\$ 25,271	\$ 25,650	\$ 26,035	\$ 26,425	\$ 26,822
Windows (retrofit)		2,440	each	\$ 575	\$ 86	\$ 661	\$ 1,613,450	30	0	\$ 53,782	\$ 54,588	\$ 55,407	\$ 56,238	\$ 57,082	\$ 57,938	\$ 58,807
Roofing/flashng/sht. metal - shingle		435	roofs	\$ 3,200	\$ 480	\$ 3,680	\$ 1,600,800	25	varies	\$ 260,240	\$ 253,994	\$ 257,804	\$ 261,671	\$ 265,596		
Exterior paint-Series 1100/1200/1300		69	bdg	\$ 2,200	\$ 330	\$ 2,530	\$ 174,570	10	varies	\$ 17,467	\$ 17,719	\$ 17,985	\$ 18,254	\$ 18,528	\$ 18,806	\$ 19,088
Exterior paint - Series 1400		59,310	sq ft	\$ 1.20	\$ 0	\$ 1.38	\$ 81,847	7	varies	\$ 11,692	\$ 11,868	\$ 12,048	\$ 12,227	\$ 12,410	\$ 12,596	\$ 12,785
Seal coat asphalt paving		51,840	sq ft	\$ 0.70	\$ 0	\$ 0.81	\$ 41,731	5	varies						\$ 9,126	\$ 9,126
Overlay asphalt paving		51,840	sq ft	\$ 3.00	\$ 0	\$ 3.45	\$ 178,848	25	varies	\$ 17,885	\$ 18,153	\$ 18,425	\$ 18,702	\$ 18,982	\$ 19,267	\$ 19,556
Unscheduled Replacements		2.5 %					\$ 110,878			\$ 9,390	\$ 9,530	\$ 9,673	\$ 9,819	\$ 9,966	\$ 3,376	\$ 3,655
EXTERIOR REPLACEMENTS TOTAL							\$ 4,537,810			\$ 384,975	\$ 390,750	\$ 396,611	\$ 402,560	\$ 408,598	\$ 138,408	\$ 149,839
Total Maintenance and Capital Expenditures							\$ 15,308,697			\$ 864,734	\$ 877,705	\$ 890,871	\$ 904,234	\$ 862,750	\$ 833,105	\$ 854,956
Operating funding									\$ 800,000	\$ 812,000	\$ 824,180	\$ 836,543	\$ 862,750	\$ 833,105	\$ 854,956	
Less Total Maintenance and Capital Expenditures									\$ (864,734)	\$ (877,705)	\$ (890,871)	\$ (904,234)	\$ (862,750)	\$ (833,105)	\$ (854,956)	
Operating Surplus/Deficit									\$ (64,734)	\$ (65,705)	\$ (66,691)	\$ (67,691)	\$ -	\$ -	\$ -	\$ -
Annual Replacement Reserve Deposit									\$ -	\$ -	\$ 65,665	\$ 57,111	\$ 58,111	\$ -	\$ -	\$ -
Prior Years Reserve Balance									\$ 524,000	\$ 469,746	\$ 413,435	\$ 421,889	\$ 420,889	\$ 483,790	\$ 488,628	\$ 488,628
Total Reserves									\$ 524,000	\$ 469,746	\$ 479,000	\$ 479,000	\$ 479,000	\$ 483,790	\$ 488,628	\$ 488,628
Annual Interest									\$ 5,240	\$ 4,697	\$ 4,790	\$ 4,790	\$ 4,790	\$ 4,838	\$ 4,886	\$ 4,886
Rsnry Distribution (expenditure)									\$ 59,494	\$ 81,008	\$ 61,901	\$ 62,901				
Ending Reserve Balance									\$ 469,746	\$ 413,435	\$ 421,889	\$ 420,889	\$ 483,790	\$ 488,628	\$ 493,514	\$ 493,514
Reserve Amount per Unit									\$ 991	\$ 872	\$ 890	\$ 888	\$ 1,021	\$ 1,031	\$ 1,041	\$ 1,041
Notes and Assumptions:																
1	Assumes initial reserve balance of			\$ 524,000		as of	05/31/14									
2	Assumes annual reserve contribution of					maintain at minimum annual balance of	\$ 479,000									
3	Assumes an earned interest rate on the reserve balance of						1.00%									
4	Assumes an annual compounded inflation rate of						1.50%									
5	Assumes reserve contribution compounded annually at rate of						0.00%									
6	Assumes components were new at time of substantial rehabilitation						date varies									
7	Assumes components were new at time of original construction						date varies									
8	Number of units						474									
9	Number of buildings						82									
10	Assumes annual vacancy rate of						5.0%									
11	Tax credit expiration year						n/a									



SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

EXHIBIT G

FORM OF RENTAL AGREEMENT

TREASURE ISLAND
YERBA BUENA ISLAND

RESIDENTIAL RENTAL AGREEMENT
[Post-DDA Tenants]

I. PARTIES:

THIS RENTAL AGREEMENT is made on 6/3/2014 between:

Tenant A

Tenant B

(hereinafter singularly or collectively called "Tenant") and The John Stewart Company (hereinafter called "Landlord").

IT IS AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:

II. DESCRIPTION:

The Landlord hereby leases to the Tenant and the Tenant hires from Landlord, on the terms and conditions hereinafter set forth, all the property situated in the City and County of San Francisco, State of California, described as follows, to wit: Apartment No. 1201-A at Bayside Dr., San Francisco, California 94130 (the "Premises").

III. TERM:

The term of this Rental Agreement shall be for a month-to-month basis beginning 1/1/2014 with rent payable @ \$2000 per month.

Tenant may terminate this Rental Agreement as permitted by state law upon delivery of at least 30 days' prior written notice to Landlord in accordance with Section XX. Landlord may terminate this Rental Agreement in accordance with Section XXIV below.

Tenant hereby acknowledges that the Landlord is a sublessee of the Treasure Island Development Authority and that the Treasure Island Development Authority acquired a leasehold interest to the Premises from the United States Navy under a master lease which pre-dates this Rental Agreement. Notwithstanding anything in this Rental Agreement to the contrary, this Rental Agreement and Tenant's right to occupy the Premises shall terminate if the master lease between the Treasure Island Development Authority and the Navy terminates. Tenant further acknowledges that the residential use of the Premises is an interim use and the tenancy created under this Rental Agreement shall not be permanent.

IV. RENTS, LATE CHARGES, RETURNED CHECKS:

Rents: All rents are due and payable on or before the first day of each month in advance (the "Due Date"). All rents shall be paid at the office of the agent of the Landlord, or at such other place as may be

designated by the Landlord. All rent is to be paid on the first day of the month for the prospective rental period. All rents shall be paid by personal check, cashier's check or money order. No cash to be accepted.

Treasure Island and Yerba Buena Island will undergo a phased demolition of most of its existing structures and a phased reconstruction of structures that is expected to last for several years. The demolition and reconstruction will necessarily result in inconvenience, noise and other disturbances in and around the Premises and the project grounds. Tenant acknowledges that the rental rate has been determined and set by the parties with the understanding and agreement that construction will take place in and around the Premises during the course of this month to month tenancy and that Tenant may not seek a rent reduction or decrease for any disturbance, inconvenience or damage attendant to construction taking place anywhere in or around the Premises.

LATE CHARGES: Tenant and Landlord agree that Landlord will sustain costs and damage as a result of any late payment of rent but that it will be extremely difficult to determine with specificity the actual amount of that damage. Therefore, Tenant agrees to pay a late charge of \$100.00 for any payment of rent not received by Landlord within 5 calendar days of the Due Date. The Parties agree that this late charge represents a fair and reasonable estimate of the costs and damages that Landlord will incur by reason of late payment by Tenant. The provision for payment of a late charge does not constitute a grace period and Landlord may serve a 3-Day Notice to Pay Rent or Quit on the day after the Due Date.

RETURNED CHECKS: In the event that Tenant makes any payment required hereunder with a check which is not honored by the bank on which it is drawn for any reason, Tenant shall pay Landlord the additional sum of \$50.00 as a reimbursement of the expenses incurred by Landlord. A dishonored check shall constitute late payment of rent and shall be subject to the provisions of paragraph IV above regarding late charges. Such charges shall be immediately due and payable upon notice to Tenant. Failure to immediately pay the charges shall constitute a default under the terms of this Rental Agreement. If Tenant's check is returned by a bank for any reason, Tenant shall pay the rent and other charges required by this Rental Agreement by certified funds, cashier's check or money order for the next twelve months.

FAILURE TO PAY: Pursuant to Civil Code Section 1785.26, you are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations, such as your financial obligations under the terms of this Agreement.

V. EACH TENANT'S INDIVIDUAL LIABILITY:

Each person who signs this Rental Agreement as a Tenant, is jointly and severally responsible for the performance of their obligations under this Rental Agreement, including the payment of the entire monthly rent and for any damages to the Premises until such time as the tenancy in its entirety is terminated and the Premises relinquished vacant to the Landlord, regardless of whether the named Tenant occupies the Premises. In the event Tenant pays the monthly rent with separate checks, Tenant, and each of them, remains jointly and severally obligated for the payment of the entire monthly rent for the Premises.

VI. ASSIGNMENT:

Tenant may not assign this Rental Agreement or sublet the whole or any portion of the Premises without

obtaining the prior written consent of the Landlord, which consent may be withheld in Landlord's sole and absolute discretion. No person other than the named Tenant shall be permitted to regularly or continuously use or occupy the Premises unless all of the following conditions are met: (1) Tenant notifies Landlord in writing, signed by every Tenant, stating a request to have a new person occupy the Premises as a co-tenant; (2) said prospective occupant completes and gives the Landlord a completed Landlord's rental application; (3) prospective occupant shall satisfy Landlord's resident's selection criteria; and, if approved, (4) Tenant's prospective occupant signs Landlord's Co-Tenancy Acknowledgment form or an Addendum to the Residential Lease/Rental Agreement including the Notice and Acknowledgment, as applicable. In the event that the Landlord consents to any co-tenancy, it is hereby agreed that 1) Tenant may not charge more to the co-tenant(s) than that proportional share of the rent which is being charged by and paid to Landlord, and 2) the co-tenant will not be entitled to any transition housing benefits under the Transition Housing Rules and Regulations approved by the Treasure Island Development Authority Board of Directors on April 21, 2011 and the San Francisco Board of Supervisors on June 28, 2011 (as amended from time to time, the "Transition Housing Rules and Regulations"). A person shall be considered to be regularly or continuously using or occupying the Premises if the person stays overnight in the Premises for more than 30 days in any calendar year.

No action or inaction or acceptance of rent or knowledge on the part of the Landlord shall be deemed to be a waiver of the provision of this Paragraph on the part of the Landlord and shall not be deemed an approval of any person as a "subtenant" or "co-tenant" for any purpose.

VII. DEFAULT:

Tenant's failure to pay rent or other charges when due or the failure to comply with the covenants or conditions of this Rental Agreement and its addendums, including but not limited to, the house rules, constitutes a default and the Landlord may seek any remedy available in law or equity including the recovery of possession of the Premises.

VIII. USE AND OCCUPANCY:

The Tenant shall occupy the Premises and shall keep the Premises in good condition including such improvements as may be made thereon hereafter, with usual wear and tear excepted, and shall not make any alterations; install locks or locking mechanisms, paint, or wallpaper without the prior written consent of the Landlord. Tenant shall not commit or suffer to be committed any waste upon the Premises. Tenant agrees to pay for any damage, including appliances and fixtures, caused by any act of negligence of himself or any member of his family or guest. Tenant shall not access or enter any parts or portions of the Premises or common areas locked, sealed or closed off by Landlord. Tenant shall not change, alter or modify the electrical service including the electrical circuit box to the Premises for any reason.

The Premises are rented to the Tenant for use as a principal, full time residential dwelling only. Tenant shall not use, or permit the Premises, or any part thereof, to be used for any purpose or purposes other than the purpose for which the Premises are hereby rented. Occupancy of the Premises is limited to those persons named in this Rental Agreement.

Minor Children Reaching Age of Majority: At the time a minor child occupying the Premises reaches the age of majority (18 years of age), Tenant shall (1) Request in writing that the child be identified as a tenant

and added as a co-tenant to the Rental Agreement; (2) Tenant's child shall complete and deliver to Landlord a completed Landlord's rental application; (3) Tenant's child shall satisfy Landlord's resident's selection criteria; and, if approved, (4) Tenant's child shall sign a Rental Agreement or Addendum as required by Landlord within five (5) days of Landlord's written request including the Notice and Acknowledgment. The Tenant's child will not be entitled to any transition housing benefits under the Transition Housing Rules and Regulations.

No person other than a Tenant or approved occupant may receive mail or use the address of the Premises for any purpose or designate the address of the Premises with any governmental agency or department including but not limited to, the Department of Motor Vehicles or the Department of Corrections.

Tenant shall comply with all governmental laws and ordinances.

IX. TENANT/LANDLORD:

The Tenant hereby agrees to be bound, as is the landlord, by the amended sections to the Civil Code Sections 1942. The amendments being: Civil Code Sections 1941.1, 1941.2, 1942.1 and 1942.5, which state, among other things, the conditions for making repairs and deducting same from rents owed.

X. NUISANCE:

Tenant shall not commit, nor permit to be committed nuisance, upon, in or about the Premises or the project grounds, nor shall Tenant create or permit a substantial interference with the comfort, safety, or enjoyment of other tenants. Tenant shall not interfere with Landlord's management of the project. Although a single incident may constitute a nuisance or substantial interference with other tenants, three complaints against Tenant, Tenant's visitors or household in any twelve month period shall create a presumption of a nuisance and/or substantial interference with other tenants and/or with Landlord's management of the project. Tenant shall not engage in, or permit any activities which disrupt the livability of the project, adversely affect the health or safety of any person or the right of any other resident to the quiet enjoyment of the Premises and related project facilities, or interfere with the management of the project. Vestibules, hallways, stairways, and other public passages shall not be obstructed by the Tenant or their visitors. Persons will not be permitted to run or play on balconies or stairways. Tenant agrees to place garbage and refuse inside the containers provided therefore.

Drug Free Environment: Tenant and Tenant's household and visitors shall not engage in any drug related criminal activity on or near the Premises or project grounds. Drug related criminal activity means the illegal manufacture, production, sale, distribution, use or possession with intent to manufacture, produce, sell, distribute, or use of controlled substances (as defined in Section 102 of the Controlled Substances Act – 21 U.S.C. 802).

XI. MAINTENANCE:

A. The Landlord agrees to:

1. Regularly clean all common areas of the project;

2. Maintain the common areas and facilities in a safe condition;
3. Arrange for collection and removal of trash and garbage;
4. Maintain all equipment and appliances in a safe and working order;
5. Make necessary repairs with reasonable promptness;
6. Maintain exterior lighting in good working order;
7. Provide extermination services as necessary;
8. Maintain the grounds.

B. The Tenant shall:

1. Keep the Premises clean, safe, and sanitary;
2. Use all appliances, fixtures, and equipment in a safe manner and only for the purposes for which they are intended;
3. Not litter the grounds or common areas of the project;
4. Not destroy, deface, damage, or remove any part of the unit, common areas or project grounds;
5. Give the Landlord prompt notice of any defects in the plumbing, fixtures, appliances, heating and cooling equipment, the smoke detector, or any other part of the Premises or related facilities;
6. Remove garbage and other waste from the unit in a clean and safe manner as instructed by Landlord. Trash pickup procedures vary depending upon location and may be amended from time to time;
7. Not engage in or permit unlawful activities in the Premises, in the common areas, or on the project grounds; and
8. Be responsible for compliance with all applicable laws and ordinances and house rules by Tenant's household members and Tenant's visitors.

XII. NOTICES:

Tenant shall comply with House Rules which Landlord has, or may from time to time, furnish Tenant or post conspicuously on the Premises. The Tenant by affixing his or her signature below acknowledges the receipt of a copy of the House Rules.

XIII. HOLD HARMLESS:

Tenant hereby waives all claims against Landlord for damages to property or injuries to persons, including Tenant, in or about the Premises; and Tenant will hold Landlord harmless from any damage or injury to persons or property arising from the use of the Premises by Tenant. Tenant may not seek compensation or a rent reduction or decrease for any disturbance, inconvenience or damage attendant to construction taking place anywhere in or around the Premises.

XIV. LEGAL FEES:

In an unlawful detainer action to recover possession of the Premises, the total costs including attorney's fees to the prevailing party shall be limited to \$1500. In the event of any OTHER legal action between the parties, any statutory recovery of attorney's fees and costs shall be limited to \$2500 to the prevailing party.

XV. NO WAIVER OF ANY TERMS OR PRECEDING DEFAULTS:

No failure of Landlord to enforce any term of this Rental Agreement will be deemed a waiver of that term or of any other term of the Agreement. The waiver by Landlord of any term of this Rental Agreement will not be deemed to be a waiver of any subsequent breach of the same or any other term of this Rental Agreement, nor will any custom or practice which may develop between the parties be construed to waive the right of Landlord to require performance by Tenant of all the provisions of this Rental Agreement, or support a claim of detrimental reliance by Tenant and Landlord shall not be estopped from enforcing any term of this Rental Agreement. The subsequent acceptance of rent by Landlord will not be deemed to be a waiver of any preceding breach, violation or default by Tenant of any term of this Rental Agreement regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. Landlord's acceptance of a partial payment of rent will not constitute a waiver of Landlord's right to the full amount due nor will it constitute a modification to this Rental Agreement unless such modification is in writing and signed by the parties.

XVI. SURRENDER CONDITION:

At the expiration of said term, or the sooner termination thereof, the Tenant shall peacefully quit and surrender possession of said Premises in as good condition as reasonable use and wear thereof permit.

XVII. DEPOSIT FEES:

Tenant agrees to deposit with the Landlord, on or before occupancy, the sum of **\$1000** as security deposit. This sum shall be held by the Landlord as security for the faithful performances by the Tenant of the terms, covenants and conditions of this Rental Agreement by Tenant to be kept and performed during the term hereof. In the event of the failure of Tenant to keep and perform all of the terms covenants, and conditions of this Rental Agreement, then, at the option of the Landlord, said Landlord may appropriate and apply said deposit, or so much thereof determined by Landlord to be due to such breach on the part of Tenant. Should Tenant comply with all of said terms, covenants, and conditions and promptly pay the entire rental herein provided for as it falls due, and all other sums payable by Tenant occupancy, Landlord

shall refund Tenant's Security Deposit in accordance with California State law. A unit is considered vacated after all personal belongings have been removed and unit keys returned. DEPOSIT MAY NOT BE USED AS LAST MONTH'S RENT. If any portion of the Security Deposit is applied by Landlord to any obligations of Tenant at any time during the tenancy, Tenant must, upon 5 days written notice, replenish the Security Deposit to its full original amount. Landlord is not obligated to apply Tenant's Security Deposit to any accrued unpaid rent and may demand payment of the rent from Tenant when due

XVIII. LEGAL NOTICE:

All notices to be given to Tenant shall be in writing and served as required by law and addressed to Tenant at the Premises, whether or not Tenant has departed from, vacated, or abandoned the Premises.

XIX. INSPECTION:

The Landlord, its agent and/or employees may enter the Premises at reasonable times to inspect, clean, repair, or show the Premises to prospective tenants, purchasers or lending institutions. The Tenant agrees to allow access and occupancy to workmen for redecorating, repairing or remodeling of the Premises for such time as is necessary. Additional door locks may not be installed or altered without written permission from Landlord. Landlord will provide 24 hours notice of intent to enter unit except in emergency, when Landlord may enter immediately. Landlord is to leave notice to Tenant that Landlord entered the unit.

Landlord shall make an annual inspection of the Premises and all facilities and units. Landlord shall designate a day when such inspection shall take place at the Premises and notify Tenant at least two days prior thereto. Tenant shall permit Landlord's annual inspection of the Premises to take place and the failure to do so constitutes a breach of this covenant.

XX. TENANT'S NOTICE TO TERMINATE AND VACATE:

Tenant shall give Landlord a thirty (30) day, or as required by law, written notice of the Tenant's intention to terminate Tenant's tenancy and vacate the Premises. Any deposits that the Tenant may have on deposit with the Landlord are not to be considered the Last Month's rent. Landlord shall refund and/or account for the security deposits in the time permitted by law after the Premises are vacated by all occupants.

XXI. UTILITIES:

Landlord will provide for utilities water, sewer, electricity, gas and garbage removal. Tenant shall be responsible for all other utilities and services for the Premises including but not limited to, cable, internet, and telephone.

XXII. HAZARDOUS MATERIALS:

Tenant shall not store or permit storage of any hazardous materials on or around the Premises and will not cause materials to be released anywhere on or near the Premises or the project grounds.

XXIII. ACKNOWLEDGMENT OF INAPPLICABILITY of Chapter 37 of the San Francisco

Administrative Code - the San Francisco Residential Rent Stabilization and Arbitration Ordinance No. 276-79 (hereinafter called "the Ordinance"):

Tenant hereby acknowledges and agrees that because the rents for housing units on Treasure Island and Yerba Buena Island are set by a governmental authority, the Treasure Island Development Authority, housing units on Treasure Island and Yerba Buena Island are exempt from the provisions of the San Francisco Residential Rent Stabilization and Arbitration Ordinance including its rent control provisions and its "just cause" requirements. Tenant further acknowledges and agrees that nothing herein shall impose the jurisdiction of the Ordinance on this Rental Agreement, nor is it intended to imply that any rules, policies or precedents of the Ordinance apply to this Rental Agreement.

XXIV. TERMINATION OF TENANCY AND OR RECOVERY OF POSSESSION BY LANDLORD:

Landlord may terminate the month-to-month tenancy under this Rental Agreement in accordance with applicable law if Tenant is in default under any provision of this Rental Agreement. Landlord may recover possession following Tenant's Termination of Tenancy in accordance with applicable law. In addition, Landlord may terminate the month-to-month tenancy under this Rental Agreement for any reason whatsoever by giving Tenant a thirty (30) day, or as required by law, written notice of termination of Tenant's tenancy.

XXV. INSURANCE:

Landlord's insurance does NOT provide for coverage of Tenant's personal belongings or personal liability unless as a direct and proximate result of Landlord's negligence. Therefore, Landlord strongly urges and recommends to each Tenant that Tenant secure sufficient insurance to protect against losses such as fire, flood, theft, vandalism, personal injury or other casualty.

XXVI. PETS:

NO pets, dogs, cats, birds or other animals are allowed in or about the Premises, even temporarily or with a visiting guest, without prior written consent of Landlord, excepting service animal(s) as required by law. Any such consent is conditioned upon Tenant completing and signing Landlord's Pet Agreement which shall become part of this Agreement. Strays shall not be kept or fed in or about the Premises. Strays can be dangerous and Landlord must be notified immediately of any strays in or about the Premises. If a pet has been in a Tenant's apartment or allowed into the building, even temporarily (with or without Landlord's permission) Tenant may be charged for cleaning, de-fleaing, deodorizing or shampooing any portion of the building or Premises at the discretion of Landlord.

XXVII. AUTHORIZED OCCUPANTS

Name Tenant A

Name Tenant B

Name _____

Name _____

IN WITNESS WHEREOF, the Landlord and the Tenant have executed this Rental Agreement as of the date and year first above written.

TREASURE ISLAND / YERBA BUENA ISLAND LANDLORD:

The John Stewart Company

By: _____
Administrator

(Date)

TENANT (all persons 18 years of age and older must sign):

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

THE VILLAGES AT TREASURE ISLAND
HOUSE RULES

The Community – The exercise of common sense and consideration for others should be the only rule necessary to ensure your personal comfort and enjoyment of apartment living; however, in order for Landlord or its property manager ("management") to fully protect your rights and property against the occasional offender, the following Rules and Regulations ("House Rules") exist:

1. **Maintenance** - Tenant shall immediately inform the rental office (the designated maintenance person) of any need of maintenance repair so that work can be done promptly. Light bulbs shall be furnished to the unit upon occupancy and Tenant shall replace bulbs thereafter. Tenant shall be charged the repair cost of stoppage of any sewer caused by the resident's negligence and any other damage as provided under the Rental Agreement. Any reimbursement shall be made within 30 days of billing. All electrical appliances for food preparation must be inspected by the management for safety and fire protection standards before their use in the unit. Walls may not be painted or wallpapered, nor may they be drilled into to hang book shelves or heavy paintings or mirrors. All pictures shall be hung by the use of brads or finishing nails. Due to weight limitations, no electrical fixtures or hanging objects such as plants, etc., can be suspended from the ceiling without prior permission of the management. Window coverings are provided. No additional draperies can be added except as approved by management.
2. **Landscaping** – Existing landscaping and grounds will be maintained by management in the front of all units. Tenant is not permitted to plant or in any way alter the existing landscaping because there may be pockets of debris left over from previous construction activity on the Island, and recognizing the high water table at Treasure Island, Tenant shall not disturb the soil in backyards. Backyard maintenance is the responsibility of the Tenant.
3. **Pesticides/Herbicides** – The use of pesticides or herbicides is prohibited.
4. **Environment** – Tenant and their guests shall not commit or suffer to be committed any waste upon said Premises, and nuisance or any other act which may disturb the quiet enjoyment of any resident. Public areas shall not be defaced and no littering shall be permitted. No articles of clothing or other materials are to be left to dry or hang in publicly exposed areas other than a clothing line in an enclosed backyard.
5. **Parking** – The Parking Agreement applies to Tenant and Tenant's household and must be complied with at all times.
6. **Automobiles** - We encourage walking, bicycling and carpooling. Please limit the use of your car while on the Island. All Tenants owning vehicles which will be parked on the Island will be required to execute a Parking Agreement.
7. **Resident Responsibility** - The management wishes that Tenant makes full use of the many facilities provided to them throughout the Villages at Treasure Island and to consider these premises as their home. In turn, Tenants are reminded that they have a corresponding responsibility for keeping their home as neat and attractive a place to live as possible.

8. **Keys** - Each resident will be provided with one set of keys which must be returned upon vacating the Premises. A \$75.00 charge will be assessed if keys are lost or not returned at move-out. Additional keys will be provided by management if requested and appropriate.
9. **Lock-Out Service** - The management does not provide after hours lock-out service. In the event you are locked out of your unit we recommend you call a licensed locksmith. The cost of the locksmith will be your responsibility. Should you require a change in the lock set you must immediately provide a key to the leasing office.
10. **Office Hours** - Normal office hours to receive rents and to transact other office business is posted on the office door. Tenants are admitted to the office to conduct business only and for no other purpose.
11. **Cleaning and Condition of the Unit** - Landlord agrees to provide Tenant with a unit properly cleaned and in good condition. Tenant shall be responsible for maintaining the neat appearance of their homes; and no home may be so filled with furniture and personal items as to constitute a fire or safety hazard in the judgment of Landlord. Tenant shall maintain the Premises in a safe and sanitary condition. Tenant shall not store, place or maintain personal property outside of the Premises. Tenant shall not affix, post, hang or display any personal property, including but not limited to, wind chimes, signs, statuary on the exterior of the Premises without the prior written consent of Landlord.
12. **Safety and Unit Condition** - Landlord shall perform an annual inspection of all project facilities and units, and other inspections as needed of all units and appliances for safety and fire prevention standards. Management shall designate a day or days when such inspection shall be made and so notify the Tenants at least three days prior thereto.
13. **Oxygen Therapy or Usage** - Any Tenant or their visitors utilizing oxygen within his/her unit or the project grounds of The Villages at Treasure Island must adhere to the safety precautions listed in the usage booklet provided with the oxygen tank. Three areas which we emphasize are: (1) smoking or open flame are not permitted within the apartment; (2) store oxygen units away from heat; (3) keep the units away from all flammable materials such as grease, oil hair lubricants, Vaseline, hand lotions, and aerosol sprays. In addition persons using oxygen must inform the office so that management can review the oxygen policy with the resident.
14. **Trash** - Tenant may not place a trash receptacle (a trash can) on the sidewalk, street, or public right-of-way until after the hour of 6:00 p.m. of the day immediately prior to the day of trash collection. Within 24 hours of placing a trash receptacle (a trash can) for collection and after the contents of the trash receptacle have been collected, Tenant shall remove the trash receptacle from the sidewalk, street or other public right-of-way and return the trash receptacle to the designated enclosure area for that Tenant's receptacle.
15. **Recycling** - In an effort to promote conservation we require all households to participate in the recycling program. You will be provided with necessary receptacles for separation of products and required to place containers on the curb on the designated pick-up day.

16. **Balconies and Patios** – Balconies and patios are not to be used for storage of personal belongings. This includes but is not limited to: boxes, brooms, mops, bicycles, garbage, debris, buckets, recycling, etc. The installation of screening on the balcony is prohibited. Only patio furniture, in good usable condition, may be kept on the balcony. Storage and use of barbecues is prohibited on the balcony.
17. **Firearms and fireworks** – Tenant shall not possess, store, use, or maintain firearms or any other object capable of firing a projectile, ammunition, explosives or fireworks in the Premises or on the project grounds.
18. **Quiet Hours** – Please respect your neighbors' right to a quiet environment. We ask that stereos, televisions and other activities be at reasonable levels at all times so as not to disturb others. Tenant must observe quiet hours between 10:00 p.m. and 7:00 a.m.
19. **Guest** - Tenant may have guests on the Premises up to thirty (30) days in a calendar year without Landlord's prior written consent. If guests are staying longer, prior written consent from management is required. A Tenant permitting guest(s) or unauthorized occupant(s) for a longer period without consent shall be considered subletting; which constitutes a violation of the rental agreement and a basis for termination. Tenant is responsible for the conduct of any person(s) visiting them on the Island.
20. **Common Area Use** - Tenant shall not use the common areas or project grounds for any gatherings or other functions. Tenant shall not place, install or use any equipment in the common areas or project grounds including but not limited to inflatable houses, slides or structures, catering equipment, and/or audio-visual equipment.
21. **Changes in House Rules** - Landlord reserves the right to rescind or change any of the foregoing rules and to make such other rules and regulations from time to time as may be deemed needful for the safety, care and cleanliness of the community. The rule(s) will be formally submitted to all Tenants in writing and shall become effective thirty (30) days following the date of delivery.

By signing below, Tenant(s) acknowledges having read and understood the content of this Addendum.

TREASURE ISLAND / YERBA BUENA ISLAND LANDLORD:

The John Stewart Company

By: _____
Administrator

Date

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s), (all persons 18 years of age and older must sign)

By: _____

Date

By: _____

Date

By: _____

Date

By: _____

Date

THE VILLAGES AT TREASURE ISLAND
PROPERTY DISCLOSURE

Introduction: The residential unit you have or are planning to lease is located on Former Naval Station Treasure Island ("Treasure Island"). Treasure Island is still owned by the United States Navy, but local and state laws have granted to the Treasure Island Development Authority (the "Authority") jurisdiction over the planning, redevelopment, and conversion of Treasure Island for the public benefit of the City and County of San Francisco.

The Navy formally ceased operation Treasure Island in October of 1997, but had already begun downsizing its operation years earlier. As a result, the Authority, working with the City's Public Utilities Commission and certain other basic service providers (i.e., telephone, garbage, cable) has had to address a number of issues caused by the deferral of maintenance and repair of Treasure Island's infrastructure.

In addition, as described further below, the Navy is obligated under federal and state law to remediate hazardous materials prior to transferring Treasure Island to the Authority. Thus, you may notice certain continuing clean-up operations by the Navy's contractors on Treasure Island. State and federal EPA are involved in overseeing those clean-up efforts.

Also, as described further below, Treasure Island is subject to certain seismic hazards, which the Authority required the John Stewart Company to address as a precondition of residential leasing.

What follows below is a brief summary of some of the service and infrastructure issues affecting Treasure Island. Where available, reference is made to appropriate contact persons or more detailed source materials, which you may review.

I. BASIC SERVICES

Cable Television Services - The Authority approved a contract with COMCAST CABLE AND INTERNET SERVICES to provide cable and internet services to the residential housing units on Treasure Island. Questions or concerns regarding cable and internet services can be answered directly by Comcast Cable and Internet Services 1-800-266-2278 or the City's Department of Telecommunication and Information Services at (415) 554-0802, or the Leasing Office at (415) 834-0211.

Telephone Services - AT&T owns and operates the residential phone line system on Treasure Island. Questions or concerns regarding telephone service at Treasure Island should be directed to AT&T at 1-800-331-0500 or the Leasing Office at (415) 834-0211.

Garbage - Garbage and recycling services on Treasure Island are performed by Golden Gate Disposal, as is the case with much of the rest of San Francisco. Questions or concerns regarding garbage service at Treasure Island should be directed to the Leasing Office at (415) 834-0211.

Utilities - Under a contractual agreement with the Navy, utility services (water, sewer, electric, and gas) are either directly provided or overseen by the San Francisco Public Utilities Commission. (Electrical power is provided by the PUC and gas service is provided by PG & E, but the PUC provides principal maintenance and repair services for all on-island utility infrastructure.)

II. SEISMIC ISSUES

Treasure Island and the Treasure Island Causeway are within a State of California seismic hazard zone for potentially liquefiable soils, and parts of the Yerba Buena Island perimeter slopes are within a State of California seismic hazard zone for earthquake induced landslides, Seismic Hazard Zone Report 043, CCSF. A geotechnical study for Treasure Island conducted on behalf of the Authority found that the top 30 to 50 feet of soil at Treasure Island is susceptible to liquefaction and lateral spreading during major earthquakes and subsequently to permanent settlement.

As part of the conversion to civilian residential re-use, the City and County of San Francisco and the Authority directed that all housing construction be evaluated in accordance with the U.S. Government Federal Emergency Management Agency (FEMA) Seismic Standard 178 entitled NEHRP (National Earthquake Hazard Reduction Program) handbook for the Seismic Evaluation of Existing Buildings. Per agreement with the City and County San Francisco Department of Building Inspection, those buildings which were evaluated to not be in conformance with the life-safety standards established in FEMA-178 were retrofitted to conform to the seismic requirements of the City and County of San Francisco Building Code prior to occupancy.

Based upon the evaluation and certification by structural engineers engaged by the John Stewart Company and concurring evaluation and certification by structural engineers engaged by the City and County of San Francisco, it is expected that upon completion of all required seismic retrofit, all residential buildings on Treasure Island and Yerba Buena Island met or exceeded the life safety level of performances specified in FEMA -178. While liquefaction, lateral spreading and / or consolidation of the underlying soils can be expected in a major earthquake, it is the professional opinion of the structural engineers that while some structural damage may occur, there is a very low probability that the damage would result in injury to occupants, and the expectation of the engineers is that the buildings will provide a satisfactory level of life safety performance. However, a major seismic event may affect other portions of Treasure Island (such as the causeway to the Bay Bridge), and could, among other things, impact ready access to and from Treasure Island.

A complete copy of the geotechnical reports and evaluations of the Structural Engineers are available for review with the Authority at their offices on the Second Floor of Building 1 on Treasure Island and in the John Stewart Company's Marketing and Management Office.

III. ENVIRONMENTAL ISSUES

A. Building Conditions

Lead-Based paint - Similar to most residential buildings constructed prior to 1978, interior and exterior painted woodwork at residential buildings (other than the 1400 Series Housing) contain lead-based paint. The Navy has maintained the lead-based paint in place in accordance with applicable environmental standards. The current condition of the paint is designated as intact (that is, not subject to flaking or peeling by casual contact). A copy of the pamphlet entitled: "Protect Your Family from Lead in Your Home" is available. Disturbance of painted woodwork by tenants must be performed in accordance with the Treasure Island "Operation & Maintenance Program for Lead-Based Paint." A copy of this pamphlet is available for review in the Treasure Island Development Authority Office.

Asbestos Containing Material (ACM) - Similar to most residential buildings constructed in 1960's, residential buildings on Treasure Island / Yerba Buena Island (except the 1400 Series Housing) contain asbestos containing materials (ACM). A complete inventory of ACMs in residential buildings is available for review in the Treasure Island Development Authority's office. Disturbance of ACM by tenants must be done in accordance with the Treasure Island "Operation & Maintenance Program for Asbestos Containing Materials." A copy of this pamphlet is available for review in the Treasure Island Development Authority Office.

B. Ongoing Environmental Remediation by the United States Navy

The United States Navy (Navy) is the lead agency responsible for conducting the environmental restoration program to investigate and remediate hazardous substances at the former Naval Station Treasure Island (NSTI). The Navy is conducting the environmental cleanup program at former NSTI under the United States Department of Defense Installation Restoration Program. The California Department of Toxic Substances Control (DTSC), within the California Environmental Protection Agency, is the lead regulatory agency overseeing the Navy's environmental cleanup program. DTSC is supported by the California Department of Public Health (CDPH), and the Regional Water Quality Control Board, San Francisco Bay Region. The United States Environmental Protection Agency provides federal environmental oversight.

In November 1998, the Navy issued a finding (referred to as a Finding of Suitability to Lease, or FOSL) confirming that the residential buildings currently being offered for lease are suitable for residential use and occupancy under lease. The Navy is continuing certain investigation and remediation activities related to the environmental cleanup of NSTI. Upon completion of required remediation activities for identified parcels the Navy will issue a finding (referred to as a Finding of Suitability to Transfer, or FOST) confirming that the identified parcel is suitable for transfer under applicable law. These findings will be made over time, as individual parcels receive regulatory clearance.

Pursuant to the Federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Navy is conducting a Remedial Investigation and concurrent Removal Actions at CERCLA Site 12, which includes the current housing areas and portions of the future housing areas on Treasure Island (See attached "Figure 1, CERCLA Sites, Petroleum Sites and Transfer Parcels" from the Navy's 2012 Site Management Plan, Naval Station Treasure Island, San Francisco, California). Investigations continue within Site 12, and the Navy may be required to take further remedial actions to address radiological or other contamination in the event it is discovered. The Navy is required to perform these investigations and any remedial actions in compliance with all applicable health and safety laws. To the extent possible, the Navy will seek to minimize any disturbance or inconvenience to tenants when performing such work within or around Site 12. All residential tenants must accommodate any Navy request to allow investigations and remediation of any area within NSTI, including areas within leased premises.

Contaminants of concern in the soil in Site 12 include Polychlorinated Biphenyls (PCBs), Polycyclic Aromatic Hydrocarbons (PAHs), Dioxins, Petroleum Hydrocarbons, Radium-226, Lead, Copper, Iron, Antimony, Chromium, and Arsenic. Soil containing some of these contaminants above background levels or screening values has been detected in portions of the housing areas in Site 12. Soil containing contaminants above background levels or screening values does not indicate whether or not there is a risk, it just indicates that the contaminants are present. Navy documents, that are available to the public, evaluate the level of risk. While the Navy has removed some soil containing these chemicals in portions of the housing areas in Site 12, the Navy's investigations are ongoing. These investigations will determine and inform the need for potential further actions by the Navy. As such, House Rule #2 of this Residential Rental Agreement states: "Tenant is not permitted to plant or in any way alter the existing landscaping because there may be contaminants from previous Navy activities on the Island, and recognizing the high water table at Treasure Island, Tenant shall not disturb the soil in backyards."

TIDA maintains a more detailed summary of the Navy's investigation and remediation activities in its offices on the second floor of Building 1 on NSTI. TIDA also maintains records of other important background information, including the types of hazardous substances found and the Navy's projected schedules for completion of their environmental cleanup. These materials are available for review upon request during normal business hours. TIDA updates these materials periodically to track changes in the Navy's progress. Upon request, TIDA will also make available one of its expert consultants to help answer questions.

In addition, the Navy established a Restoration Advisory Board (RAB) with members from Treasure Island and the general public. The RAB meets regularly to review and provide opportunities for the public to have input on the Navy's cleanup program. The RAB meets every other month on the 3rd Tuesday at 7:00 pm on NSTI. All members of the public are welcome to attend. TIDA and the John Stewart Company provide all Treasure Island residents with periodic updates regarding the Navy's cleanup program as information is made available.

I Have read and understand this disclosure regarding certain conditions on Treasure Island and Yerba Buena Island.

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____	Date _____
By: _____	Date _____
By: _____	Date _____
By: _____	Date _____

NOTICE AND ACKNOWLEDGMENT

Treasure Island and Yerba Buena Island, in the City and County of San Francisco, California, will be developed in the future in accordance with various project approvals granted by the Treasure Island Development Authority ("Authority") and the San Francisco Board of Supervisors in April and June 2011, including a Disposition and Development Agreement ("TICD DDA") between the Authority and Treasure Island Community Development, LLC, dated as of June 28, 2011, which provides for the development of Treasure Island and Yerba Buena Island (the "Project"). The effective date of the TICD DDA is July 14, 2011 (the "DDA Effective Date"). The Authority also approved, and in connection with its approval of the TICD DDA the Board of Supervisors ratified, the Transition Housing Rules and Regulations for the Villages at Treasure Island ("Transition Housing Rules and Regulations") that provide for a package of benefits to "Transitioning Households" as defined in the Transition Housing Rules and Regulations. Copies of all the project approvals, including the TICD DDA and the Transition Housing Rules and Regulations, are posted on the Authority's website at www.sftreasureisland.org.

This notice is to inform you of the following information before you enter into any lease or rental agreement and occupy a residential unit at Treasure Island/Yerba Buena Island:

1. That the unit will be available only for an interim period pending development of the Project in accordance with the TICD DDA;
2. That your occupancy is on an month-to-month interim nonpermanent basis and that at some point in the future, as a result of the Project, you will be required to move.
3. That because your occupancy commenced after the Authority acquired a leasehold interest in the property located at Treasure Island/Yerba Buena, you will not be eligible for relocation benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended ("URA"), or California Government Code Section 7260 et seq. and its implementing regulations located at California Code of Regulations, Title 25, Division 1 Chapter 6 (collectively, "Section 7260") if you are asked to move because of the Project.
4. That the projected date that your unit is expected to be vacated and demolished for development of the Project is prior to June, 2014, but no sooner than January, 2013, if your unit is located on Yerba Buena Island, and between June, 2015 and June, 2020 if your unit is located on Treasure Island, provided, such date is subject to change depending on the Project construction schedule.
5. That, along with all other Tenants of the Villages at Treasure Island, you will receive periodic notices with updates regarding the progress of the Project, including any anticipated changes in the projected date that your unit is expected to be vacated and demolished.
6. That you will be provided at least ninety (90) days' prior written notice of the date by which you must vacate the unit if the notice to move is triggered by the Project.

THE VILLAGES AT TREASURE ISLAND
HAZARDOUS SUBSTANCE DISCLOSURE

This addendum is entered into with respect to that certain Rental Agreement dated 6/3/2014, by and between the undersigned with respect to the rental of apartment number 1201-A located at Bayside Dr., San Francisco, CA 94130.

"WARNING: This apartment community contains asbestos, tobacco smoke and other substances known to the State of California to cause cancer and/or birth defects and other reproductive harm. Tobacco smoke may be present in the apartment community when persons in the apartment community smoke or otherwise use tobacco. Other hazardous substances are contained in some of the original building materials and in some of the products and materials used to maintain the property. Disturbance or damage to certain interior apartment surfaces may increase the potential for exposure of these substances."

Tenant(s) agrees for themselves, their guests and invitees, to comply with all rules and regulations as Landlord may from time to time prescribe in connection with Landlord's operations programs, including without limitation, asbestos operations and maintenance program, including without limitations the following:

- (a) Tenant(s) shall not take or allow any action which in any way disturbs or damages any part of the ceiling or loose tiles, such as drilling or boring of holes, hanging plants or other objects from the ceiling; painting or repairing the ceiling or any floor tiles; replacing smoke detectors or florescent lights located on the ceiling.

- (b) Tenant(s) shall notify Landlord immediately, and in writing if possible, if there is any water or other damage to or deterioration of the ceiling or any floor tiles in the Premises (including, without limitation, loose, cracking or hanging material or water stains or leaks).

Under no circumstances will compliance or performance of voluntary measures or any related alterations or removal or other abatement, management or monitoring of the asbestos and/or other substances relieve Tenant(s) obligations there under or under this Addendum, or constitute or be construed as a constructive or other eviction or Tenant(s) or interference with Tenant(s) right of quiet enjoyment of the Premises.

By signing below, Resident(s) acknowledges having read and understood the content of this Addendum.

TREASURE ISLAND / YERBA BUENA ISLAND LANDLORD:

The John Stewart Company

By: _____
Administrator

Date

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____

Date

By: _____

Date

By: _____

Date

By: _____

Date

- 9. Clean and dry any visible moisture on windows, walls, and other surfaces, including personal property, as soon as reasonably possible. (Note: Mold and mildew can grow on damp surfaces)
- 10. Notify the Landlord or its authorized agent, or any problems with air conditioning or heating systems.
- 11. Tenant hereby agrees to indemnify and hold harmless the Landlord/Management from any actions, claims, losses, damages and expenses, including, but not limited to, attorney's fees that the Landlord/Management may sustain or incur as a result of the negligence of the Tenant or any guest or other person living in, occupying or using the Premises.

By signing below, Tenant (s) acknowledges having read and understood the content of this Addendum.

TREASURE ISLAND / YERBA BUENA ISLAND LANDLORD:

The John Stewart Company

By: _____
Administrator

(Date)

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

THE VILLAGES AT TREASURE ISLAND
MEGAN'S LAW

Notice: The California Department of Justice, sheriff departments, and police departments serving jurisdictions of 200,000 or more and many other local law enforcement authorities maintain for public access, a database of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The database is updated on a quarterly basis and a source of information about the presence of these individuals in any neighborhood. Pursuant to Section 290.46 of the penal code, information about specified registered sex offenders is made available to the public via an internet website maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and zip code in which he or she resides.

By signing below, Resident(s) acknowledges having read and understood the content of this Addendum.

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____ (Date) _____

By: _____ (Date) _____

By: _____ (Date) _____

By: _____ (Date) _____

THE VILLAGES AT TREASURE ISLAND
PARKING AGREEMENT

PARKING SPACE #: 1201-A

TENANT NAME(S):

Tenant A

Tenant B

ADDRESS: 1201-A Bayside Dr., SAN FRANCISCO, CA 94130

I have read, understand and agree to the following:

- 1) As used in this Parking Agreement, "the property" shall be defined as The Villages at Treasure Island and the areas managed by Landlord.
- 2) Each residential unit has assigned parking space(s) at the property.
- 3) Vehicle(s) of the household must be registered with the Landlord and issued a parking permit.
- 4) To apply for and be issued a parking permit, a vehicle's current registration, the registered owner's driver's license, and proof of insurance must be presented and reviewed by Landlord.
- 5) Permits must be renewed annually, at which time current documents are required. Permit(s) renewal coincides with residential lease renewal.
- 6) Vehicles parking at the property, not only vehicles in assigned space(s), must be issued and display a valid parking permit.
- 7) All vehicles must be currently registered, fully functional and in operable condition. Inoperable conditions include but are not limited to: flat tires, broken taillights, broken windows, missing bumpers, missing rear view mirrors, missing license plates.
- 8) Each Tenant with a vehicle that meets the requirements in this parking agreement is entitled to one (1) parking permit. Tenants who own two (2) vehicles may receive an additional permit. In no instance will a Tenant be issued more than two (2) permits.
- 9) Visitor parking spaces are for the sole use of visitors. Tenant may not use visitor parking spaces.
- 10) Visitor parking at the property shall be no more than 72 hours over a consecutive seven day period.
- 11) Parking is permitted in designated areas only. Parking is prohibited on lawns, sidewalks, red zones, and any areas that impinge on ingress and egress to any part of the property grounds or property facilities. Parked vehicles can not block fire hydrants or interfere with emergency vehicles. Double parking is prohibited.

- 12) Parking at the property is for residential use only. Certain vehicle types are prohibited from parking at the property. Prohibited vehicle types include, but are not limited to:
 - a) Recreational vehicles, including jet skis, boats, trailers, and mobile homes.
 - b) Commercial vehicles, including commercial vans, commercial trucks, promotional vehicles, cabs and limousines.
 - c) Oversized vehicles, including vehicles with multiple rear axels, in excess of 3500 lbs or in excess of 7 feet in height or 15 feet in length.
 - d) Other vehicles inconsistent with residential use at the property.
- 13) No vehicle maintenance, improvement, and/or repair activities are to be performed anywhere at the property.
- 14) Vehicles at the property must be free of fluid leaks, including oil, coolant, and other fluids. Tenants who own vehicles that cause leaks or spills are responsible for immediately cleaning the area and making necessary repairs to prevent any future leaks.
- 15) Car washing or maintenance of any kind is prohibited at the property.
- 16) Vehicles in violations of this parking agreement will be subject to towing at the Tenant's expense.
- 17) Landlord reserves the right to revoke parking permits, with or without cause.

By signing below, Resident(s) acknowledges having read and understood the content of this Addendum.

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

_____	_____
Tenant	(Date)
_____	_____
Tenant	(Date)
_____	_____
Tenant	(Date)
_____	_____
Tenant	(Date)

 Vehicle license plate number(s)

 Parking Permit Number(s)

 Make, model, & color of vehicle(s)

THE VILLAGES AT TREASURE ISLAND
PROHIBITING HOT TUBS

Tenant shall NOT install or operate or permit to be installed or operated any hot tubs (or other such appliances) inside or outside on the Premises.

By signing below, Tenant(s) acknowledges having read and understood the content of this Addendum.

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

THE VILLAGES AT TREASURE ISLAND
CARBON MONOXIDE DISCLOSURE

This Addendum is entered into with respect to that certain Lease Agreement dated 6/3/2014, by and between the undersigned with respect to the rental of apartment number 1201-A located at Bayside Dr., San Francisco, CA 94130.

Carbon Monoxide (CO) is a colorless, odorless and dangerous gas. Small concentrations of 10% CO in your blood can cause minor health problems. If Tenant notice "Flu-like" symptoms such as slight headache, nausea, vomiting, or fatigue, they may be experiencing mild CO exposure. Symptoms such as severe headaches, drowsiness, confusion, and accelerated heart rate could indicate a moderate degree of CO exposure. Extreme exposure may cause unconsciousness, convulsions, cardio respiratory failure, or death. Youth children, the elderly, and pets may be the first ones affected.

The CO detector installed in the apartments at the Villages continuously monitors the air quality. The detector alarms at multiple levels of exposure to carbon monoxide based on time weighted averages of the gas present. There is one light on the body of the detector which turns color to indicate various levels of CO. Green indicated that there are no detectable levels of CO present in the air. The light remains Green at all times, unless some level of CO has been detected. The light will turn Amber if low levels of CO are detected. This is a warning of a possible problem. If low levels are continuously detected over a longer period of time or if the detector measure CO at a high level, the light will turn Red and the alarm will sound. If the levels return to normal, the light will return to Green.

Based on information provided by the manufacturer and the contractor installing the detectors, in the event that a CO detector is activated, Tenant must adhere to the following protocol:

Light is Green at all times, unless CO has been detected.

If light turns Amber:

1. Ventilate the area by opening windows.
2. Turn the thermostat to the "off" position or to lowest temperature on the dial.
3. Call the Villages business office at 834-0211. Indicate that this is an emergency.

If light turn Red and alarm sounds:

1. Immediately ventilate or vacate the unit.
2. Turn furnace to "off" position or lowest setting on thermostat.
3. Call the Villages office at 834-0211. Indicate that this is an emergency.
4. Determine whether anyone has a headache or upset stomach, and respond to health concerns. (The elderly, children, and pets often experience symptoms earlier and to a greater degree.)
5. Do not reenter unit until it has been ventilated.

By signing below, Resident(s) acknowledges having read and understood the content of this Addendum.

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

1201-A Bayside Dr.

**TREASURE ISLAND
YERBA BUENA ISLAND**

**ADDENDUM RE: CHANGE OF TERMS OF TENANCY
TO THE RESIDENTIAL LEASE DATED 6/3/2014,
(hereafter referred to as the RENTAL AGREEMENT)**

The terms of this RENTAL AGREEMENT supersede and replace all the terms of the Residential Lease dated _____, and any Addendum(s) thereto, (hereafter collectively the "Original Lease"); provided, however, that the Notice and Acknowledgment that was attached to the Original Lease and executed by the Original Tenants identified below shall remain in full force and effect as to the Original Tenants.

I. PARTIES:

THIS RENTAL AGREEMENT is made on 6/3/2014 between:

A. ORIGINAL TENANT:

Tenant A

(hereinafter singularly or collectively called "Original Tenants");

B. If Applicable: POST-DDA TENANT(S):

Tenant B

(hereinafter singularly or collectively called "Post-DDA Tenants"); and

C. THE JOHN STEWART COMPANY (hereinafter called "Landlord").

Original Tenants are current lessees of the Premises defined below, who have signed the Original Lease with Landlord and currently occupy the Premises.

(If Applicable): Post-DDA Tenant(s), at the request of Original Tenants and after approval of Landlord,

shall be co-tenants of Original Tenants subject to the terms of this Rental Agreement. Original Tenants and (if applicable) Post-DDA Tenants are hereinafter referred to collectively as "Tenant".

IT IS AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:

II. DESCRIPTION:

The Landlord hereby leases to the Tenant and the Tenant hires from Landlord, on the terms and conditions hereinafter set forth, all the property situated in the City and County of San Francisco, State of California, described as follows, to wit: Apartment No. **1201-A at Bayside Dr.**, San Francisco, California 94130 (the "Premises").

III. TERM:

The term of this Rental Agreement shall be for a month-to-month basis beginning **1/1/2014** with rent payable at **\$2000** per month.

Tenant may terminate this Rental Agreement as permitted by state law upon delivery of at least 30 days' prior written notice, or as required by law, to Landlord in accordance with Section XX. Landlord may terminate this Rental Agreement in accordance with Section XXIV below.

Tenant hereby acknowledges that the Landlord is a sublessee of the Treasure Island Development Authority and that the Treasure Island Development Authority acquired a leasehold interest to the Premises from the United States Navy under a master lease which pre-dates this Rental Agreement. Notwithstanding anything in this Rental Agreement to the contrary, this Rental Agreement and Tenant's right to occupy the Premises shall terminate if the master lease between the Treasure Island Development Authority and the Navy terminates. Tenant further acknowledges that the residential use of the Premises is an interim use and the tenancy created under this Rental Agreement shall not be permanent.

IV. RENTS, LATE CHARGES, RETURNED CHECKS:

Rents: All rents are due and payable on or before the first day of each month in advance (the "Due Date"). All rents shall be paid at the office of the agent of the Landlord, or at such other place as may be designated by the Landlord. All rent is to be paid on the first day of the month for the prospective rental period. All rents shall be paid by personal check, cashier's check or money order. No cash to be accepted.

Treasure Island and Yerba Buena Island will undergo a phased demolition of most of its existing structures and a phased reconstruction of structures that is expected to last for several years. The demolition and reconstruction will necessarily result in inconvenience, noise and other disturbances in and around the Premises and the project grounds. Tenant acknowledges that the rental rate has been determined and set by the parties with the understanding and agreement that construction will take place in and around the Premises during the course of this month to month tenancy and that Tenant may not seek a rent reduction or decrease for any disturbance, inconvenience or damage attendant to construction taking place anywhere in or around the Premises.

LATE CHARGES: Tenant and Landlord agree that Landlord will sustain costs and damage as a result

of any late payment of rent but that it will be extremely difficult to determine with specificity the actual amount of that damage. Therefore, Tenant agrees to pay a late charge of \$100.00 for any payment of rent not received by Landlord within 5 calendar days of the Due Date. The Parties agree that this late charge represents a fair and reasonable estimate of the costs and damages that Landlord will incur by reason of late payment by Tenant. The provision for payment of a late charge does not constitute a grace period and Landlord may serve a 3-Day Notice to Pay Rent or Quit on the day after the Due Date.

RETURNED CHECKS: In the event that Tenant makes any payment required hereunder with a check which is not honored by the bank on which it is drawn for any reason, Tenant shall pay Landlord the additional sum of \$50.00 as a reimbursement of the expenses incurred by Landlord. A dishonored check shall constitute late payment of rent and shall be subject to the provisions of paragraph IV above regarding late charges. Such charges shall be immediately due and payable upon notice to Tenant. Failure to immediately pay the charges shall constitute a default under the terms of this Rental agreement. If Tenant's check is returned by a bank for any reason, Tenant shall pay the rent and other charges required by this Rental Agreement by certified funds, cashier's check or money order for the next twelve months.

FAILURE TO PAY: Pursuant to Civil Code Section 1785.26, you are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations, such as your financial obligations under the terms of this Agreement.

V. EACH TENANT'S INDIVIDUAL LIABILITY:

Each person who signs this Rental Agreement as a Tenant, is jointly and severally responsible for the performance of their obligations under this Rental Agreement, including the payment of the entire monthly rent and for any damages to the Premises until such time as the tenancy in its entirety is terminated and the Premises relinquished vacant to the Landlord, regardless of whether the named Tenant occupies the Premises. In the event Tenant pays the monthly rent with separate checks, Tenant, and each of them, remains jointly and severally obligated for the payment of the entire monthly rent for the Premises.

VI. ASSIGNMENT:

Tenant may not assign this Rental Agreement or sublet the whole or any portion of the Premises without obtaining the prior written consent of the Landlord, which consent may be withheld in Landlord's sole and absolute discretion. No person other than the named Tenant shall be permitted to regularly or continuously use or occupy the Premises unless all of the following conditions are met: (1) Tenant notifies Landlord in writing, signed by every Tenant, stating a request to have a new person occupy the Premises as a co-tenant; (2) said prospective occupant completes and gives the Landlord a completed Landlord's rental application; (3) prospective occupant shall satisfy Landlord's resident's selection criteria; and, if approved, (4) Tenant's prospective occupant signs Landlord's Co-Tenancy Acknowledgment form or an Addendum to the Residential Lease/Rental Agreement including the Notice and Acknowledgment, as applicable. In the event that the Landlord consents to any co-tenancy, it is hereby agreed that 1) Tenant may not charge more to the co-tenant(s) than that proportional share of the rent which is being charged by and paid to Landlord, and 2) the co-tenant will not be entitled to any transition housing benefits under the Transition Housing Rules and Regulations approved by the Treasure Island Development Authority Board of Directors on April 21, 2011 and the San Francisco Board of Supervisors on June 28, 2011 (as amended from time to time, the "Transition Housing Rules

and Regulations"). A person shall be considered to be regularly or continuously using or occupying the Premises if the person stays overnight in the Premises for more than 30 days in any calendar year.

No action or inaction or acceptance of rent or knowledge on the part of the Landlord shall be deemed to be a waiver of the provision of this Paragraph on the part of the Landlord and shall not be deemed an approval of any person as a "subtenant" or "co-tenant" for any purpose.

VII. DEFAULT:

Tenant's failure to pay rent or other charges when due or the failure to comply with the covenants or conditions of this Rental Agreement and its addendums, including but not limited to, the house rules, constitutes a default and the Landlord may seek any remedy available in law or equity including the recovery of possession of the Premises.

VIII. USE AND OCCUPANCY:

The Tenant shall occupy the Premises and shall keep the Premises in good condition including such improvements as may be made thereon hereafter, with usual wear and tear excepted, and shall not make any alterations, install locks or locking mechanisms, paint, or wallpaper without the prior written consent of the Landlord. Tenant shall not commit or suffer to be committed any waste upon the Premises. Tenant agrees to pay for any damage, including appliances and fixtures, caused by any act of negligence of himself or any member of his family or guest. Tenant shall not access or enter any parts or portions of the Premises or common areas locked, sealed or closed off by Landlord. Tenant shall not change, alter or modify the electrical service including the electrical circuit box to the Premises for any reason.

The Premises are rented to the Tenant for use as a principal, full time residential dwelling only. Tenant shall not use, or permit the Premises, or any part thereof, to be used for any purpose or purposes other than the purpose for which the Premises are hereby rented. Occupancy of the Premises is limited to those persons named in this Rental Agreement.

Minor Children Reaching Age of Majority: At the time a minor child occupying the Premises reaches the age of majority (18 years of age), Tenant shall (1) Request in writing that the child be identified as a tenant and added as a co-tenant to the Rental Agreement; (2) Tenant's child shall complete and deliver to Landlord a completed Landlord's rental application; (3) Tenant's child shall satisfy Landlord's resident's selection criteria; and, if approved, (4) Tenant's child shall sign a Rental Agreement or Addendum as required by Landlord within five (5) days of Landlord's written request including the Notice and Acknowledgment. If the minor child reaching the age of majority is the child of a Post-DDA Tenant, the child will also be required to sign the Notice and Acknowledgment. Children of Post-DDA Tenants will not be entitled to any benefits under the Transition Housing Rules and Regulations.

No person other than a Tenant or approved occupant may receive mail or use the address of the Premises for any purpose or designate the address of the Premises with any governmental agency or department including but not limited to, the Department of Motor Vehicles or the Department of Corrections.

Tenant shall comply with all governmental laws and ordinances.

IX. TENANT/LANDLORD:

The Tenant hereby agrees to be bound, as is the landlord, by the amended sections to the Civil Code Sections 1942. The amendments being: Civil Code Sections 1941.1, 1941.2, 1942.1 and 1942.5, which state, among other things, the conditions for making repairs and deducting same from rents owed.

X. NUISANCE:

Tenant shall not commit, nor permit to be committed nuisance, upon, in or about the Premises or the project grounds, nor shall Tenant create or permit a substantial interference with the comfort, safety, or enjoyment of other tenants. Tenant shall not interfere with Landlord's management of the project. Although a single incident may constitute a nuisance or substantial interference with other tenants, three complaints against Tenant, Tenant's visitors or household in any twelve month period shall create a presumption of a nuisance and/or substantial interference with other tenants and/or with Landlord's management of the project. Tenant shall not engage in, or permit any activities which disrupt the livability of the project, adversely affect the health or safety of any person or the right of any other resident to the quiet enjoyment of the Premises and related project facilities, or interfere with the management of the project. Vestibules, hallways, stairways, and other public passages shall not be obstructed by the Tenant or their visitors. Persons will not be permitted to run or play on balconies or stairways. Tenant agrees to place garbage and refuse inside the containers provided therefore.

Drug Free Environment: Tenant and Tenant's household and visitors shall not engage in any drug related criminal activity on or near the Premises or project grounds. Drug related criminal activity means the illegal manufacture, production, sale, distribution, use or possession with intent to manufacture, produce, sell, distribute, or use of controlled substances (as defined in Section 102 of the Controlled Substances Act - 21 U.S.C. 802).

XI. MAINTENANCE:

A. The Landlord agrees to:

1. Regularly clean all common areas of the project;
2. Maintain the common areas and facilities in a safe condition;
3. Arrange for collection and removal of trash and garbage;
4. Maintain all equipment and appliances in a safe and working order;
5. Make necessary repairs with reasonable promptness;
6. Maintain exterior lighting in good working order;
7. Provide extermination services as necessary;
8. Maintain the grounds.

B. The Tenant shall:

1. Keep the Premises clean, safe, and sanitary;
2. Use all appliances, fixtures, and equipment in a safe manner and only for the purposes for which they are intended;
3. Not litter the grounds or common areas of the project;
4. Not destroy, deface, damage, or remove any part of the unit, common areas or project grounds;
5. Give the Landlord prompt notice of any defects in the plumbing, fixtures, appliances, heating and cooling equipment, the smoke detector, or any other part of the Premises or related facilities;
6. Remove garbage and other waste from the unit in a clean and safe manner as instructed by Landlord. Trash pickup procedures vary depending upon location and may be amended from time to time;
7. Not engage in or permit unlawful activities in the Premises, in the common areas, or on the project grounds; and
8. Be responsible for compliance with all applicable laws and ordinances and house rules by Tenant's household members and Tenant's visitors.

XII. NOTICES:

Tenant shall comply with House Rules which Landlord has, or may from time to time, furnish Tenant or post conspicuously on the Premises. The Tenant by affixing his or her signature below acknowledges the receipt of a copy of the House Rules.

XIII. HOLD HARMLESS:

Tenant hereby waives all claims against Landlord for damages to property or injuries to persons, including Tenant, in or about the Premises; and Tenant will hold Landlord harmless from any damage or injury to persons or property arising from the use of the Premises by Tenant. Tenant may not seek compensation or a rent reduction or decrease for any disturbance, inconvenience or damage attendant to construction taking place anywhere in or around the Premises.

XIV. LEGAL FEES:

In an unlawful detainer action to recover possession of the Premises, the total costs including attorney's fees to the prevailing party shall be limited to \$1500. In the event of any OTHER legal action between the parties, any statutory recovery of attorney's fees and costs shall be limited to \$2500 to the prevailing party.

XV. NO WAIVER OF ANY TERMS OR PRECEDING DEFAULTS:

No failure of Landlord to enforce any term of this Rental Agreement will be deemed a waiver of that term or of any other term of the Agreement. The waiver by Landlord of any term of this Rental Agreement will not be deemed to be a waiver of any subsequent breach of the same or any other term of this Rental Agreement, nor will any custom or practice which may develop between the parties be construed to waive the right of Landlord to require performance by Tenant of all the provisions of this Rental Agreement, or support a claim of detrimental reliance by Tenant and Landlord shall not be stopped from enforcing any term of this Rental Agreement. The subsequent acceptance of rent by Landlord will not be deemed to be a waiver of any preceding breach, violation or default by Tenant of any term of this Rental Agreement regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

Landlord's acceptance of a partial payment of rent will not constitute a waiver of Landlord's right to the full amount due nor will it constitute a modification to this Rental Agreement unless such modification is in writing and signed by the parties.

XVI. SURRENDER CONDITION:

At the expiration of said term, or the sooner termination thereof, the Tenant shall peacefully quit and surrender possession of said Premises in as good condition as reasonable use and wear thereof permit.

XVII. DEPOSIT FEES:

Tenant agrees to deposit with the Landlord, on or before occupancy, the sum of \$1000 as security deposit. This sum shall be held by the Landlord as security for the faithful performances by the Tenant of the terms, covenants and conditions of this Rental Agreement by Tenant to be kept and performed during the term hereof. In the event of the failure of Tenant to keep and perform all of the terms covenants, and conditions of this Rental Agreement, then, at the option of the Landlord, said Landlord may appropriate and apply said deposit, or so much thereof determined by Landlord to be due to such breach on the part of Tenant. Should Tenant comply with all of said terms, covenants, and conditions and promptly pay the entire rental herein provided for as it falls due, and all other sums payable by Tenant occupancy, Landlord shall refund Tenant's Security Deposit in accordance with California State law. A unit is considered vacated after all personal belongings have been removed and unit keys returned. DEPOSIT MAY NOT BE USED AS LAST MONTH'S RENT. If any portion of the Security Deposit is applied by Landlord to any obligations of Tenant at any time during the tenancy, Tenant must, upon 5 days written notice, replenish the Security Deposit to its full original amount. Landlord is not obligated to apply Tenant's Security Deposit to any accrued unpaid rent and may demand payment of the rent from Tenant when due.

XVIII. LEGAL NOTICE:

All notices to be given to Tenant shall be in writing and served as required by law and addressed to Tenant at the Premises, whether or not Tenant has departed from, vacated, or abandoned the Premises.

XIX. INSPECTION:

The Landlord, its agent and/or employees may enter the Premises at reasonable times to inspect, clean, repair, or show the Premises to prospective tenants, purchasers or lending institutions. The Tenant agrees to allow access and occupancy to workmen for redecorating, repairing or remodeling of the

Premises for such time as is necessary. Additional door locks may not be installed or altered without written permission from Landlord. Landlord will provide 24 hours notice of intent to enter unit except in emergency, when Landlord may enter immediately. Landlord is to leave notice to Tenant that Landlord entered the unit.

Landlord shall make an annual inspection of the Premises and all facilities and units. Landlord shall designate a day when such inspection shall take place at the Premises and notify Tenant at least two days prior thereto. Tenant shall permit Landlord's annual inspection of the Premises to take place and the failure to do so constitutes a breach of this covenant.

XX. TENANT'S NOTICE TO TERMINATE AND VACATE:

Tenant shall give Landlord a thirty (30) day, or as required by law, written notice of the Tenant's intention to terminate Tenant's tenancy and vacate the Premises. Any deposits that the Tenant may have on deposit with the Landlord are not to be considered the Last Month's rent. Landlord shall refund and/or account for the security deposits in the time permitted by law after the Premises are vacated by all occupants.

XXI. UTILITIES:

Landlord will provide for utilities water, sewer, electricity, gas and garbage removal. Tenant shall be responsible for all other utilities and services for the Premises including but not limited to, cable, internet, and telephone.

XXII. HAZARDOUS MATERIALS:

Tenant shall not store or permit storage of any hazardous materials on or around the Premises and will not cause materials to be released anywhere on or near the Premises or the project grounds.

XXIII. ACKNOWLEDGEMENT OF INAPPLICABILITY of Chapter 37 of the San Francisco Administrative Code - the San Francisco Residential Rent Stabilization and Arbitration Ordinance No. 276-79 (hereinafter called "the Ordinance"):

Tenant hereby acknowledges and agrees that because the rents for housing units on Treasure Island and Yerba Buena Island are set by a governmental authority, the Treasure Island Development Authority, housing units on Treasure Island and Yerba Buena Island are exempt from the provisions of the San Francisco Residential Rent Stabilization and Arbitration Ordinance including its rent control provisions and its "just cause" requirements. Tenant further acknowledges and agrees that nothing herein shall impose the jurisdiction of the Ordinance on this Rental Agreement, nor is it intended to imply that any rules, policies or precedents of the Ordinance apply to this Rental Agreement.

XXIV. TERMINATION OF TENANCY AND OR RECOVERY OF POSSESSION BY LANDLORD:

Landlord may terminate the month-to-month tenancy under this Rental Agreement in accordance with applicable law if Tenant is in default under any provision of this Rental Agreement. Landlord may recover possession following Tenant's Termination of Tenancy in accordance with applicable law. In addition, Landlord may terminate the month-to-month tenancy under this Rental Agreement as permitted by state law by giving Tenant a thirty (30) day, or as required by law, written notice of termination of Tenant's

tenancy.

XXV. INSURANCE:

Landlord's insurance does NOT provide for coverage of Tenant's personal belongings or personal liability unless as a direct and proximate result of Landlord's negligence. Therefore, Landlord strongly urges and recommends to each Tenant that Tenant secure sufficient insurance to protect against losses such as fire, flood, theft, vandalism, personal injury or other casualty.

XXVI. PETS:

NO pets, dogs, cats, birds or other animals are allowed in or about the Premises, even temporarily or with a visiting guest, without prior written consent of Landlord, excepting service animal(s) as required by law. Any such consent is conditioned upon Tenant completing and signing Landlord's Pet Agreement which shall become part of this Agreement. Strays shall not be kept or fed in or about the Premises. Strays can be dangerous and Landlord must be notified immediately of any strays in or about the Premises. If a pet has been in a Tenant's apartment or allowed into the building, even temporarily (with or without Landlord's permission) Tenant may be charged for cleaning, de-fleaing, deodorizing or shampooing any portion of the building or Premises at the discretion of Landlord.

XXVII. AUTHORIZED OCCUPANTS:

Name Tenant A

Name Tenant B

Name _____

Name _____

Name _____

Name _____

Name _____

Name _____

Name _____

IN WITNESS WHEREOF, the Landlord and the Tenant have executed this Rental Agreement as of the date and year first above written.

TREASURE ISLAND / YERBA BUENA ISLAND LANDLORD:

The John Stewart Company

By: _____
Administrator (Date)

In agreement with the terms of this Rental Agreement, the Original Tenants execute this Rental Agreement.

Tenant A	Original Tenant: _____	Date: _____
	Original Tenant: _____	Date: _____
	Original Tenant: _____	Date: _____
	Original Tenant: _____	Date: _____
	Original Tenant: _____	Date: _____
	Original Tenant: _____	Date: _____

(If Applicable): POST DDA TENANT(S):

In agreement with the terms of this Rental Agreement, the Post DDA Tenants execute this Rental Agreement.

Tenant B	Post DDA Tenant: _____	Date: _____
	Post DDA Tenant: _____	Date: _____
	Post DDA Tenant: _____	Date: _____
	Post DDA Tenant: _____	Date: _____

THE VILLAGES AT TREASURE ISLAND
HOUSE RULES

The Community – The exercise of common sense and consideration for others should be the only rule necessary to ensure your personal comfort and enjoyment of apartment living; however, in order for Landlord or its property manager (“management”) to fully protect your rights and property against the occasional offender, the following Rules and Regulations (“House Rules”) exist:

1. **Maintenance** - Tenant shall immediately inform the rental office (the designated maintenance person) of any need of maintenance repair so that work can be done promptly. Light bulbs shall be furnished to the unit upon occupancy and Tenant shall replace bulbs thereafter. Tenant shall be charged the repair cost of stoppage of any sewer caused by the resident's negligence and any other damage as provided under the Rental Agreement. Any reimbursement shall be made within 30 days of billing. All electrical appliances for food preparation must be inspected by the management for safety and fire protection standards before their use in the unit. Walls may not be painted or wallpapered, nor may they be drilled into to hang book shelves or heavy paintings or mirrors. All pictures shall be hung by the use of brads or finishing nails. Due to weight limitations, no electrical fixtures or hanging objects such as plants, etc., can be suspended from the ceiling without prior permission of the management. Window coverings are provided. No additional draperies can be added except as approved by management.
2. **Landscaping** – Existing landscaping and grounds will be maintained by management in the front of all units. Tenant is not permitted to plant or in any way alter the existing landscaping because there may be pockets of debris left over from previous construction activity on the Island, and recognizing the high water table at Treasure Island, Tenant shall not disturb the soil in backyards. Backyard maintenance is the responsibility of the Tenant.
3. **Pesticides/Herbicides** – The use of pesticides or herbicides is prohibited.
4. **Environment** – Tenant and their guests shall not commit or suffer to be committed any waste upon said Premises, and nuisance or any other act which may disturb the quiet enjoyment of any resident. Public areas shall not be defaced and no littering shall be permitted. No articles of clothing or other materials are to be left to dry or hang in publicly exposed areas other than a clothing line in an enclosed backyard.
5. **Parking** – The Parking Agreement applies to Tenant and Tenant's household and must be complied with at all times.
6. **Automobiles** - We encourage walking, bicycling and carpooling. Please limit the use of your while on the Island. All Tenants owning vehicles which will be parked on the Island will be required to execute a Parking Agreement.
7. **Resident Responsibility** - The management wishes that Tenant makes full use of the many facilities provided to them throughout the Villages at Treasure Island and to consider these premises as their home. In turn, Tenants are reminded that they have a corresponding responsibility for keeping their home as neat and attractive a place to live as possible.
8. **Keys** - Each resident will be provided with one set of keys which must be returned upon vacating the Premises. A \$75.00 charge will be assessed if keys are lost or not returned at move-out. Additional keys will be provided by management if requested and appropriate.

9. **Lock-Out Service** - The management does not provide after hours lock-out service. In the event you are locked out of your unit we recommend you call a licensed locksmith. The cost of the locksmith will be your responsibility. Should you require a change in the lock set you must immediately provide a key to the leasing office.
10. **Office Hours** - Normal office hours to receive rents and to transact other office business is posted on the office door. Tenants are admitted to the office to conduct business only and for no other purpose.
11. **Cleaning and Condition of the Unit**- Landlord agrees to provide Tenant with a unit properly cleaned and in good condition. Tenant shall be responsible for maintaining the neat appearance of their homes; and no home may be so filled with furniture and personal items as to constitute a fire or safety hazard in the judgment of Landlord. Tenant shall maintain the Premises in a safe and sanitary condition. Tenant shall not store, place or maintain personal property outside of the Premises. Tenant shall not affix, post, hang or display any personal property, including but not limited to, wind chimes, signs, statuary on the exterior of the Premises without the prior written consent of Landlord.
12. **Safety and Unit Condition** – Landlord shall perform an annual inspection of all project facilities and units, and other inspections as needed of all units and appliances for safety and fire prevention standards. Management shall designate a day or days when such inspection shall be made and so notify the Tenants at least three days prior thereto.
13. **Oxygen Therapy or Usage** - Any Tenant or their visitors utilizing oxygen within his/her unit or on the project grounds of The Villages at Treasure Island must adhere to the safety precautions listed in the usage booklet provided with the oxygen tank. Three areas which we emphasize are: (1) smoking or open flame are not permitted within the apartment; (2) store oxygen units away from heat; (3) keep the units away from all flammable materials such as grease, oil hair lubricants, Vaseline, hand lotions, and aerosol sprays. In addition, persons using oxygen must inform the office so that management can review the oxygen policy with the resident.
14. **Trash** – Tenant may not place a trash receptacle (a trash can) on the sidewalk, street, or public right-of-way until after the hour of 6:00 p.m. of the day immediately prior to the day of trash collection. Within 24 hours of placing a trash receptacle (a trash can) for collection and after the contents of the trash receptacle have been collected, Tenant shall remove the trash receptacle from the sidewalk, street or other public right-of-way and return the trash receptacle to the designated enclosure area for that Tenant's trash receptacle.
15. **Recycling** - In an effort to promote conservation we require all households to participate in the recycling program. You will be provided with necessary receptacles for separation of products and required to place containers on the curb on the designated pick-up day.
16. **Balconies and Patios** – Balconies and patios are not to be used for storage of personal belongings. This includes but is not limited to: boxes, brooms, mops, bicycles, garbage, debris, buckets, recycling, etc. The installation of screening on the balcony is prohibited. Only patio furniture, in good usable condition, may be kept on the balcony. Storage and use of barbecues is prohibited on the balcony.
17. **Firearms and fireworks** – Tenant shall not possess, store, use, or maintain firearms or any other object capable of firing a projectile, ammunition, explosives or fireworks in the Premises or on the project grounds.

- 18. **Quiet Hours** – Please respect your neighbors' right to a quiet environment. We ask that stereos, televisions and other activities be at reasonable levels at all times so as not to disturb others. Tenant must observe quiet hours between 10:00 p.m. and 7:00 a.m.
- 19. **Guest** - Tenant may have guests on the Premises up to thirty (30) days in a calendar year without Landlord's prior written consent. If guests are staying longer, prior written consent from management is required. A Tenant permitting guest(s) or unauthorized occupant(s) for a longer period without consent shall be considered subletting; which constitutes a violation of the rental agreement and a basis for termination. Tenant is responsible for the conduct of any person(s) visiting them on the Island.
- 20. **Common Area Use** - Tenant shall not use the common areas or project grounds for any gatherings or other functions. Tenant shall not place, install or use any equipment in the common areas or project grounds including but not limited to inflatable houses, slides or structures, catering equipment, and/or audio-visual equipment.
- 21. **Changes in House Rules** - Landlord reserves the right to rescind or change any of the foregoing rules and to make such other rules and regulations from time to time as may be deemed needful for the safety, care and cleanliness of the community. The rule(s) will be formally submitted to all Tenants in writing and shall become effective thirty (30) days following the date of delivery.

By signing below, Tenant(s) acknowledges having read and understood the content of this Addendum.

TREASURE ISLAND / YERBA BUENA ISLAND LANDLORD:

The John Stewart Company

By: _____
Administrator

(Date)

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s), (all persons 18 years of age and older must sign):

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

THE VILLAGES AT TREASURE ISLAND
PROPERTY DISCLOSURE

Introduction: The residential unit you have or are planning to lease is located on Former Naval Station Treasure Island ("Treasure Island"). Treasure Island is still owned by the United States Navy, but local and state laws have granted to the Treasure Island Development Authority (the "Authority") jurisdiction over the planning, redevelopment, and conversion of Treasure Island for the public benefit of the City and County of San Francisco.

The Navy formally ceased operation Treasure Island in October of 1997, but had already begun downsizing its operation years earlier. As a result, the Authority, working with the City's Public Utilities Commission and certain other basic service providers (i.e., telephone, garbage, cable) has had to address a number of issues caused by the deferral of maintenance and repair of Treasure Island's infrastructure.

In addition, as described further below, the Navy is obligated under federal and state law to remediate hazardous materials prior to transferring Treasure Island to the Authority. Thus, you may notice certain continuing clean-up operations by the Navy's contractors on Treasure Island. State and federal EPA are involved in overseeing those clean-up efforts.

Also, as described further below, Treasure Island is subject to certain seismic hazards, which the Authority required the John Stewart Company to address as a precondition of residential leasing.

What follows below is a brief summary of some of the service and infrastructure issues affecting Treasure Island. Where available, reference is made to appropriate contact persons or more detailed source materials, which you may review.

I. BASIC SERVICES

Cable Television Services - The Authority approved a contract with COMCAST CABLE AND INTERNET SERVICES to provide cable and internet services to the residential housing units on Treasure Island. Questions or concerns regarding cable and internet services can be answered directly by Comcast Cable and Internet Services 1-800-266-2278 or the City's Department of Telecommunication and Information Services at (415) 554-0802, or the Leasing Office at (415) 834-0211.

Telephone Services - AT&T owns and operates the residential phone line system on Treasure Island. Questions or concerns regarding telephone service at Treasure Island should be directed to AT&T at 1-800-331-0500 or the Leasing Office at (415) 834-0211.

Garbage - Garbage and recycling services on Treasure Island are performed by Golden Gate Disposal, as is the case with much of the rest of San Francisco. Questions or concerns regarding garbage service at Treasure Island should be directed to the Leasing Office at (415) 834-0211.

Utilities - Under a contractual agreement with the Navy, utility services (water, sewer, electric, and gas) are either directly provided or overseen by the San Francisco Public Utilities Commission. (Electrical power is provided by the PUC and gas service is provided by PG & E, but the PUC provides principal maintenance and repair services for all on-island utility infrastructure.)

II. SEISMIC ISSUES

Treasure Island and the Treasure Island Causeway are within a State of California seismic hazard zone for potentially liquefiable soils, and parts of the Yerba Buena Island perimeter slopes are within a State of California seismic hazard zone for earthquake induced landslides, Seismic Hazard Zone Report 043, CCSF. A geotechnical study for Treasure Island conducted on behalf of the Authority found that the top 30 to 50 feet of soil at Treasure Island is susceptible to liquefaction and lateral spreading during major earthquakes and subsequently to permanent settlement.

As part of the conversion to civilian residential re-use, the City and County of San Francisco and the Authority directed that all housing construction be evaluated in accordance with the U.S. Government Federal Emergency Management Agency (FEMA) Seismic Standard 178 entitled NEHRP (National Earthquake Hazard Reduction Program) handbook for the Seismic Evaluation of Existing Buildings. Per agreement with the City and County San Francisco Department of Building Inspection, those buildings which were evaluated to not be in conformance with the life-safety standards established in FEMA-178 were retrofitted to conform to the seismic requirements of the City and County of San Francisco Building Code prior to occupancy.

Based upon the evaluation and certification by structural engineers engaged by the John Stewart Company and concurring evaluation and certification by structural engineers engaged by the City and County of San Francisco, it is expected that upon completion of all required seismic retrofit, all residential buildings on Treasure Island and Yerba Buena Island met or exceeded the life safety level of performances specified in FEMA -178. While liquefaction, lateral spreading and / or consolidation of the underlying soils can be expected in a major earthquake, it is the professional opinion of the structural engineers that while some structural damage may occur, there is a very low probability that the damage would result in injury to occupants, and the expectation of the engineers is that the buildings will provide a satisfactory level of life safety performance. However, a major seismic event may affect other portions of Treasure Island (such as the causeway to the Bay Bridge), and could, among other things, impact ready access to and from Treasure Island.

A complete copy of the geotechnical reports and evaluations of the Structural Engineers are available for review with the Authority at their offices on the Second Floor of Building 1 on Treasure Island and in the John Stewart Company's Marketing and Management Office.

III. ENVIRONMENTAL ISSUES

A. Building Conditions

Lead-Based paint - Similar to most residential buildings constructed prior to 1978, interior and exterior painted woodwork at residential buildings (other than the 1400 Series Housing) contain lead-based paint. The Navy has maintained the lead-based paint in place in accordance with applicable environmental standards. The current condition of the paint is designated as intact (that is, not subject to flaking or peeling by casual contact). A copy of the pamphlet entitled: "Protect Your Family from Lead in Your Home" is available. Disturbance of painted woodwork by tenants must be performed in accordance with the Treasure Island "Operation & Maintenance Program for Lead-Based Paint." A copy of this pamphlet is available for review in the Treasure Island Development Authority Office.

Asbestos Containing Material (ACM) - Similar to most residential buildings constructed in 1960's, residential buildings on Treasure Island / Yerba Buena Island (except the 1400 Series Housing) contain asbestos containing materials (ACM). A complete inventory of ACMs in residential buildings is available for review in

the Treasure Island Development Authority's office. Disturbance of ACM by tenants must be done in accordance with the Treasure Island "Operation & Maintenance Program for Asbestos Containing Materials." A copy of this pamphlet is available for review in the Treasure Island Development Authority Office.

B. Ongoing Environmental Remediation

The Navy is conducting an environmental restoration program to investigate and remediate hazardous substances at Treasure Island. The California Department of Toxic Substances Control within the California Environmental Protection Agency (Cal-EPA) is the lead regulatory agency overseeing the Navy's environmental clean-up program. In addition, the California Department of Public Health, the United States Environmental Protection Agency (U.S. EPA) and the Treasure Island Development Authority have also been monitoring the Navy's clean-up program. In November 1998, The Navy issued a Finding of Suitability to Lease ("FOSL") for all the residential buildings currently being offered for lease. The Navy is continuing certain investigation and remediation activities related to the environmental restoration of Treasure Island. In addition, the Navy is and will continue to perform additional investigation and remediation activities in order to make more residential units available for lease, and to make the ultimate findings necessary for the Navy to transfer Treasure Island to the Authority after it has been determined that all remedial actions have been taken, as required by law. The Navy is also currently investigating portions of the current and future residential areas on Treasure Island that may require remedial actions to address concerns regarding human health or the environment. Work by the Navy in residential areas will be done in compliance with all applicable health and safety laws and all efforts will be made not to disturb or inconvenience tenants.

The Authority maintains in its offices on the second floor of Building 1. A more detailed summary of these investigative and remediation activities, as well as other important background information, including the types of hazardous substances being addressed, the nature of the remediation activities and general schedules for completion. These materials are compiled in a binder and are available for your review. The Authority will update these materials periodically to track changes in the Navy's progress. The materials will be available for review during normal business hours. If you wish, the Authority will make available to you one of its expert consultants to help answer questions.

In addition, a citizen's Restoration Advisory Board ("RAB") was established by the Navy to review and provide public input on the Navy's clean-up. The RAB meets every other month on the 3rd Tuesday at 7:00 pm on Treasure Island. Members of the public are welcome to attend.

Finally, the John Stewart Company will provide periodic updates regarding the clean-up especially for the Tenants of Treasure Island through regular newsletters sent to all Tenants.

I have read and understand this disclosure regarding certain conditions on Treasure Island and Yerba Buena Island.

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____ (Date) _____

By: _____ (Date) _____

By: _____ (Date) _____

By: _____ (Date) _____

NOTICE AND ACKNOWLEDGEMENT

THIS NOTICE AND ACKNOWLEDGEMENT SECTION ONLY APPLIES TO POST DDA TENANTS

Treasure Island and Yerba Buena Island, in the City and County of San Francisco, California, will be developed in the future in accordance with various project approvals granted by the Treasure Island Development Authority ("Authority") and the San Francisco Board of Supervisors in April and June 2011, including a Disposition and Development Agreement ("TICD DDA") between the Authority and Treasure Island Community Development, LLC, dated as of June 28, 2011, which provides for the development of Treasure Island and Yerba Buena Island (the "Project"). The effective date of the TICD DDA is July 14, 2011 (the "DDA Effective Date"). The Authority also approved, and in connection with its approval of the TICD DDA the Board of Supervisors ratified, the Transition Housing Rules and Regulations for the Villages at Treasure Island ("Transition Housing Rules and Regulations") that provide for a package of benefits to "Transitioning Households" as defined in the Transition Housing Rules and Regulations. Copies of all the project approvals, including the TICD DDA and the Transition Housing Rules and Regulations, are posted on the Authority's website at www.sftreasureisland.org.

This notice is to inform you of the following information **before you enter into any lease or rental agreement and occupy a residential unit at Treasure Island/Yerba Buena Island:**

1. That the unit will be available only for an interim period pending development of the Project in accordance with the TICD DDA;
2. That your occupancy is on a month-to-month interim nonpermanent basis and that at some point in the future, as a result of the Project, you will be required to move.
3. That because your occupancy commenced after the Authority acquired a leasehold interest in the property located at Treasure Island/Yerba Buena, you will not be eligible for relocation benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended ("URA"), or California Government Code Section 7260 et seq. and its implementing regulations located at California Code of Regulations, Title 25, Division 1 Chapter 6 (collectively, "Section 7260") if you are asked to move because of the Project.
4. That the projected date that your unit is expected to be vacated and demolished for development of the Project is prior to June, 2014, but no sooner than January, 2013, if your unit is located on Yerba Buena Island, and between June, 2015 and June, 2020 if your unit is located on Treasure Island, provided, such date is subject to change depending on the Project construction schedule.
5. That, along with all other Tenants of the Villages at Treasure Island, you will receive periodic notices with updates regarding the progress of the Project, including any anticipated changes in the projected date that your unit is expected to be vacated and demolished.
6. That you will be provided at least ninety (90) days' prior written notice of the date by which you must vacate the unit if the notice to move is triggered by the Project.
7. That because you are entering into a rental agreement after the DDA Effective Date, you are a Post-DDA Tenant under the Transition Housing Rules and Regulations and no Post-DDA Tenant is eligible for transition housing benefits under the Transition Housing Rules and Regulations, but you will be offered transition advisory services when required to move.

- 8. You may be required to relocate temporarily and/or permanently.
- 9. You may be subject to a rent increase.

If you have to move or your rent is increased as a result of the Project or otherwise, you will not be reimbursed for any such rent increase or for any costs or expenses incurred by you in connection with a move.

Please read this notification carefully prior to signing a rental agreement and moving into a unit on Treasure Island or Yerba Buena Island. If you should have any questions about this notice, please call 415 554 6170 for more information. Once you have read and have understood this notice, please sign the statement below if you still desire to enter into your rental agreement.

This notice and acknowledgement must be signed and dated prior to entering into a rental agreement and occupying a unit on Treasure Island or Yerba Buena Island.

I have read the above prior to entering into my rental agreement for and occupying a unit at Treasure Island or Yerba Buena Island and I understand that I am a Post-DDA Tenant under the Transition Housing Rules and Regulations, and I will not be eligible for relocation benefits under the URA or Section 7260 or transition housing benefits under the Transition Housing Rules and Regulations.

Tenant B Post DDA Tenant: _____ Date: _____
 Post DDA Tenant: _____ Date: _____
 Post DDA Tenant: _____ Date: _____
 Post DDA Tenant: _____ Date: _____

Villages at Treasure Island representative signature:

X _____ Date: _____

THE VILLAGES AT TREASURE ISLAND
HAZARDOUS SUBSTANCE DISCLOSURE

This addendum is entered into with respect to that certain Rental Agreement dated 6/3/2014, by and between the undersigned with respect to the rental of apartment number 1201-A located at Bayside Dr. San Francisco, CA 94130.

"WARNING: This apartment community contains asbestos, tobacco smoke and other substances known to the State of California to cause cancer and/or birth defects and other reproductive harm. Tobacco smoke may be present in the apartment community when persons in the apartment community smoke or otherwise use tobacco. Other hazardous substances are contained in some of the original building materials and in some of the products and materials used to maintain the property. Disturbance or damage to certain interior apartment surfaces may increase the potential for exposure of these substances."

Tenant(s) agrees for themselves, their guests and invitees, to comply with all rules and regulations as Landlord may from time to time prescribe in connection with Landlord's operations programs, including without limitation, asbestos operations and maintenance program, including without limitations the following:

- (a) Tenant(s) shall not take or allow any action which in any way disturbs or damages any part of the ceiling or loose tiles, such as drilling or boring of holes, hanging plants or other objects from the ceiling; painting or repairing the ceiling or any floor tiles; replacing smoke detectors or florescent lights located on the ceiling.
- (b) Tenant(s) shall notify Landlord immediately, and in writing if possible, if there is any water or other damage to or deterioration of the ceiling or any floor tiles in the Premises (including, without limitation, loose, cracking or hanging material or water stains or leaks).

Under no circumstances will compliance or performance of voluntary measures or any related alterations or removal or other abatement, management or monitoring of the asbestos and/or other substances relieve Tenant(s) obligations there under or under this Addendum, or constitute or be construed as a constructive or other eviction or Tenant(s) or interference with Tenant(s) right of quiet enjoyment of the Premises.

By signing below, Resident(s) acknowledges having read and understood the content of this Addendum.

TREASURE ISLAND / YERBA BUENA ISLAND LANDLORD:

The John Stewart Company

By: _____ (Date) _____
Administrator

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____ (Date) _____

By: _____ (Date) _____

By: _____ (Date) _____

By: _____ (Date) _____

- 10. Notify the Landlord or its authorized agent, or any problems with air conditioning or heating systems.
- 11. Tenant hereby agrees to indemnify and hold harmless the Landlord/Management from any actions, claims, losses, damages and expenses, including, but not limited to, attorney's fees that the Landlord/Management may sustain or incur as a result of the negligence of the Tenant or any guest or other person living in, occupying or using the Premises.

By signing below, Tenant (s) acknowledges having read and understood the content of this Addendum.

TREASURE ISLAND / YERBA BUENA ISLAND LANDLORD:

The John Stewart Company

By: _____ (Date) _____
 Administrator

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____ (Date) _____

By: _____ (Date) _____

By: _____ (Date) _____

By: _____ (Date) _____

THE VILLAGES AT TREASURE ISLAND
MEGAN'S LAW

Notice: The California Department of Justice, sheriff departments, and police departments serving jurisdictions of 200,000 or more and many other local law enforcement authorities maintain for public access, a database of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The database is updated on a quarterly basis and a source of information about the presence of these individuals in any neighborhood. Pursuant to Section 290.46 of the penal code, information about specified registered sex offenders is made available to the public via an internet website maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and zip code in which he or she resides.

By signing below, Resident(s) acknowledges having read and understood the content of this Addendum.

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

THE VILLAGES AT TREASURE ISLAND
PARKING AGREEMENT

PARKING SPACE #: 1201-A

TENANT NAME(S):

Tenant A

Tenant B

ADDRESS: 1201-A Bayside Dr., SAN FRANCISCO, CA 94130

I have read, understand and agree to the following:

- 1) As used in this Parking Agreement, "the property" shall be defined as The Villages at Treasure Island and the areas managed by Landlord.
- 2) Each residential unit has assigned parking space(s) at the property.
- 3) Vehicle(s) of the household must be registered with the Landlord and issued a parking permit.
- 4) To apply for and be issued a parking permit, a vehicle's current registration, the registered owner's driver's license, and proof of insurance must be presented and reviewed by Landlord.
- 5) Permits must be renewed annually, at which time current documents are required. Permit(s) renewal coincides with residential lease renewal.
- 6) Vehicles parking at the property, not only vehicles in assigned space(s), must be issued and display a valid parking permit.
- 7) All vehicles must be currently registered, fully functional and in operable condition. Inoperable conditions include but are not limited to: flat tires; broken taillights, broken windows, missing bumpers, missing rear view mirrors, missing license plates.
- 8) Each Tenant with a vehicle that meets the requirements in this parking agreement is entitled to one (1) parking permit. Tenants who own two (2) vehicles may receive an additional permit. In no instance will a Tenant be issued more than two (2) permits.
- 9) Visitor parking spaces are for the sole use of visitors. Tenant may not use visitor parking spaces.
- 10) Visitor parking at the property shall be no more than 72 hours over a consecutive seven day period.
- 11) Parking is permitted in designated areas only. Parking is prohibited on lawns, sidewalks, red zones, and any areas that impinge on ingress and egress to any part of the property grounds or property facilities. Parked vehicles can not block fire hydrants or interfere with emergency vehicles. Double parking is prohibited.

- 12) Parking at the property is for residential use only. Certain vehicle types are prohibited from parking at the property. Prohibited vehicle types include, but are not limited to:
 - a) Recreational vehicles, including jet skis, boats, trailers, and mobile homes.
 - b) Commercial vehicles, including commercial vans, commercial trucks, promotional vehicles, cabs and limousines.
 - c) Oversized vehicles, including vehicles with multiple rear axels, in excess of 3500 lbs or in excess of 7 feet in height or 15 feet in length.
 - d) Other vehicles inconsistent with residential use at the property.
- 13) No vehicle maintenance, improvement, and/or repair activities are to be performed anywhere at the property.
- 14) Vehicles at the property must be free of fluid leaks, including oil, coolant, and other fluids. Tenants who own vehicles that cause leaks or spills are responsible for immediately cleaning the area and making necessary repairs to prevent any future leaks.
- 15) Car washing or maintenance of any kind is prohibited at the property.
- 16) Vehicles in violations of this parking agreement will be subject to towing at the Tenant's expense.
- 17) Landlord reserves the right to revoke parking permits, with or without cause.

By signing below, Resident(s) acknowledges having read and understood the content of this Addendum.

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

_____	_____
Tenant	(Date)
_____	_____
Tenant	(Date)
_____	_____
Tenant	(Date)
_____	_____
Tenant	(Date)

Vehicle license plate number(s)

Parking Permit Number(s)

Make, model, & color of vehicle(s)

THE VILLAGES AT TREASURE ISLAND
PROHIBITING HOT TUBS

Tenant shall NOT install or operate or permit to be installed or operated any hot tubs (or other such appliances) inside or outside on the Premises.

By signing below, Tenant(s) acknowledges having read and understood the content of this Addendum.

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____ (Date) _____

By: _____ (Date) _____

By: _____ (Date) _____

By: _____ (Date) _____

THE VILLAGES AT TREASURE ISLAND
CARBON MONOXIDE DISCLOSURE

This Addendum is entered into with respect to that certain Lease Agreement dated 6/3/2014, by and between the undersigned with respect to the rental of apartment number 1201-A located at Bayside Dr., San Francisco, CA 94130.

Carbon Monoxide (CO) is a colorless, odorless and dangerous gas. Small concentrations of 10% CO in your blood can cause minor health problems. If Tenant notice "Flu-like" symptoms such as slight headache, nausea, vomiting, or fatigue, they may be experiencing mild CO exposure. Symptoms such as severe headaches, drowsiness, confusion, and accelerated heart rate could indicate a moderate degree of CO exposure. Extreme exposure may cause unconsciousness, convulsions, cardio respiratory failure, or death. Youth children, the elderly, and pets may be the first ones affected.

The CO detector installed in the apartments at the Villages continuously monitors the air quality. The detector alarms at multiple levels of exposure to carbon monoxide based on time weighted averages of the gas present. There is one light on the body of the detector which turns color to indicate various levels of CO. Green indicated that there are no detectable levels of CO present in the air. The light remains Green at all times, unless some level of CO has been detected. The light will turn Amber if low levels of CO are detected. This is a warning of a possible problem. If low levels are continuously detected over a longer period of time or if the detector measure CO at a high level, the light will turn Red and the alarm will sound. If the levels return to normal, the light will return to Green.

Based on information provided by the manufacturer and the contractor installing the detectors, in the event that a CO detector is activated, Tenant must adhere to the following protocol:

Light is Green at all times, unless CO has been detected.

If light turns Amber:

1. Ventilate the area by opening windows.
2. Turn the thermostat to the "off" position or to lowest temperature on the dial.
3. Call the Villages business office at 834-0211. Indicate that this is an emergency.

If light turn Red and alarm sounds:

1. Immediately ventilate or vacate the unit.
2. Turn furnace to "off" position or lowest setting on thermostat.
3. Call the Villages office at 834-0211. Indicate that this is an emergency.
4. Determine whether anyone has a headache or upset stomach, and respond to health concerns. (The elderly, children, and pets often experience symptoms earlier and to a greater degree.)
5. Do not reenter unit until it has been ventilated.

By signing below, Resident(s) acknowledges having read and understood the content of this Addendum.

TENANTS: Original Tenant(s) and If Applicable, Post DDA Tenant(s) (all persons 18 years of age and older must sign):

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

By: _____

(Date)

1201-A Bayside Dr.

SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

EXHIBIT H

APPROVED RENTAL RATES

The Villages at Treasure Island
2014 Rent Schedule

Unit	Address	2014 Rent Schedule
0060-A	Yerba Buena Rd.	2104
0060-B	Yerba Buena Rd.	3073
0066-A	Yerba Buena Rd.	2401
0066-B	Yerba Buena Rd.	2273
0066-C	Yerba Buena Rd.	2401
0066-D	Yerba Buena Rd.	2401
0066-E	Yerba Buena Rd.	2401
0066-F	Yerba Buena Rd.	2561
0105-A	Forest Rd	2561
0105-B	Forest Rd	2433
0106-A	Forest Rd	2305
0106-B	Forest Rd	2388
0109-A	Forest Rd	2433
0109-B	Forest Rd	2433
0111-A	Forest Rd.	2401
0111-B	Forest Rd.	2401
0113-A	Forest Rd.	2401
0113-B	Forest Rd.	2401
0115-A	Forest Rd.	2305
0115-B	Forest Rd.	2401
0300-A	Nimitz Dr.	2416
0300-B	Nimitz Dr.	2693
0300-C	Nimitz Dr.	2416
0300-D	Nimitz Dr.	2693
0300-E	Nimitz Dr.	2416
0300-F	Nimitz Dr.	2693
0300-G	Nimitz Dr.	2416
0300-H	Nimitz Dr.	2416
0301-A	Macalla Ct.	2300
0301-B	Macalla Ct.	3041
0301-C	Macalla Ct.	2388
0301-D	Macalla Ct.	2417
0301-E	Macalla Ct.	2417
0301-F	Macalla Ct.	2416
0301-G	Macalla Ct.	2416
0301-H	Macalla Ct.	3045
0302-A	Nimitz Dr.	2561
0302-B	Nimitz Dr.	2561
0302-C	Nimitz Dr.	2817
0302-D	Nimitz Dr.	2817
0302-E	Nimitz Dr.	2945
0302-F	Nimitz Dr.	3045
0302-G	Nimitz Dr.	2561
0302-H	Nimitz Dr.	2561
0303-A	Nimitz Dr.	2761
0303-B	Nimitz Dr.	2895
0303-C	Nimitz Dr.	2895
0303-D	Nimitz Dr.	2895
0303-E	Nimitz Dr.	2895

The Villages at Treasure Island
2014 Rent Schedule

0303-F	Nimitz Dr.	3106
0303-G	Nimitz Dr.	2895
0303-H	Nimitz Dr.	2817
0304-A	Nimitz Dr.	2964
0304-B	Nimitz Dr.	2908
0304-C	Nimitz Dr.	2832
0304-D	Nimitz Dr.	2912
0304-E	Nimitz Dr.	2753
0304-F	Nimitz Dr.	3106
0304-G	Nimitz Dr.	3045
0304-H	Nimitz Dr.	3106
0324-A	Yerba Buena Rd.	3585
0324-B	Yerba Buena Rd.	3429
0324-C	Yerba Buena Rd.	3329
0324-D	Yerba Buena Rd.	3685
0325-A	Yerba Buena Rd.	3685
0325-B	Yerba Buena Rd.	3429
0325-C	Yerba Buena Rd.	3585
0325-D	Yerba Buena Rd.	3653
0326-A	Yerba Buena Rd.	3329
0326-B	Yerba Buena Rd.	3073
0327-A	Yerba Buena Rd.	3841
0327-B	Yerba Buena Rd.	3685
0328-A	Yerba Buena Rd.	2561
0328-B	Yerba Buena Rd.	2945
0328-C	Yerba Buena Rd.	2945
0328-D	Yerba Buena Rd.	3073
0329-A	Yerba Buena Rd.	3713
0329-B	Yerba Buena Rd.	3713
0331-A	Yerba Buena Rd.	3457
0331-B	Yerba Buena Rd.	3201
1108-A	Halyburton Ct.	2298
1108-B	Halyburton Ct.	2292
1108-C	Halyburton Ct.	2177
1108-D	Halyburton Ct.	2177
1109-A	Keppler Ct.	2388
1109-B	Keppler Ct.	2388
1109-C	Keppler Ct.	2643
1109-D	Keppler Ct.	2574
1109-E	Keppler Ct.	3024
1109-F	Keppler Ct.	2889
1110-A	Halyburton Ct.	2388
1110-B	Halyburton Ct.	2388
1110-C	Halyburton Ct.	2388
1110-D	Halyburton Ct.	2388
1111-A	Keppler Ct.	2388
1111-B	Keppler Ct.	2644
1111-C	Keppler Ct.	2042
1111-D	Keppler Ct.	2298
1112-A	Hutchins Ct.	2356
1112-B	Hutchins Ct.	2298

The Villages at Treasure Island
2014 Rent Schedule

1112-C	Hutchins Ct.	2298
1112-D	Hutchins Ct.	2388
1113-A	Keppler Ct.	2405
1113-B	Keppler Ct.	2388
1113-C	Keppler Ct.	2810
1113-D	Keppler Ct.	2567
1113-E	Keppler Ct.	2945
1113-F	Keppler Ct.	2689
1113-G	Keppler Ct.	2405
1113-H	Keppler Ct.	2405
1114-A	Hutchins Ct.	2356
1114-B	Hutchins Ct.	2388
1114-C	Hutchins Ct.	2388
1114-D	Hutchins Ct.	2356
1115-A	Keppler Ct.	2042
1115-B	Keppler Ct.	2042
1115-C	Keppler Ct.	2405
1115-D	Keppler Ct.	2298
1115-E	Keppler Ct.	2405
1115-F	Keppler Ct.	2388
1115-G	Keppler Ct.	2405
1115-H	Keppler Ct.	2405
1118-A	Hutchins Ct.	2305
1118-B	Hutchins Ct.	2356
1118-C	Hutchins Ct.	2356
1118-D	Hutchins Ct.	2356
1120-A	Reeves Ct.	2337
1120-B	Reeves Ct.	2298
1120-C	Reeves Ct.	2273
1120-D	Reeves Ct.	2399
1122-A	Reeves Ct.	2399
1122-B	Reeves Ct.	2388
1122-C	Reeves Ct.	2516
1122-D	Reeves Ct.	2337
1122-E	Reeves Ct.	2388
1122-F	Reeves Ct.	2042
1124-A	Reeves Ct.	2042
1124-B	Reeves Ct.	2388
1124-C	Reeves Ct.	2388
1124-D	Reeves Ct.	2388
1124-E	Reeves Ct.	2042
1124-F	Reeves Ct.	2209
1128-A	Reeves Ct.	2561
1128-B	Reeves Ct.	2388
1128-C	Reeves Ct.	2399
1128-D	Reeves Ct.	2644
1129-A	Mason Ct.	2266
1129-B	Mason Ct.	2388
1129-C	Mason Ct.	2768
1129-D	Mason Ct.	2561
1129-E	Mason Ct.	2298

The Villages at Treasure Island
2014 Rent Schedule

1129-F	Mason Ct.	2516
1129-G	Mason Ct.	2305
1129-H	Mason Ct.	2177
1131-A	Mason Ct.	2266
1131-B	Mason Ct.	2397
1131-C	Mason Ct.	2388
1131-D	Mason Ct.	2305
1131-E	Mason Ct.	2388
1131-F	Mason Ct.	2266
1133-A	Mason Ct.	2644
1133-B	Mason Ct.	2718
1133-C	Mason Ct.	2768
1133-D	Mason Ct.	2695
1133-E	Mason Ct.	2695
1133-F	Mason Ct.	2695
1133-G	Mason Ct.	2224
1133-H	Mason Ct.	2305
1135-A	Mason Ct.	2305
1135-B	Mason Ct.	2388
1135-C	Mason Ct.	2262
1135-D	Mason Ct.	2644
1135-E	Mason Ct.	2397
1135-F	Mason Ct.	2397
1135-G	Mason Ct.	2397
1135-H	Mason Ct.	2397
1137-A	Mason Ct.	2388
1137-B	Mason Ct.	2298
1137-C	Mason Ct.	2266
1137-D	Mason Ct.	2397
1141-A	Ozbourn Ct.	2388
1141-B	Ozbourn Ct.	2397
1141-C	Ozbourn Ct.	2298
1141-D	Ozbourn Ct.	2397
1141-E	Ozbourn Ct.	2679
1141-F	Ozbourn Ct.	2177
1143-A	Ozbourn Ct.	2433
1143-B	Ozbourn Ct.	2289
1143-C	Ozbourn Ct.	2417
1143-D	Ozbourn Ct.	2417
1143-E	Ozbourn Ct.	2353
1143-F	Ozbourn Ct.	2417
1145-A	Ozbourn Ct.	2417
1145-B	Ozbourn Ct.	2433
1145-C	Ozbourn Ct.	2695
1145-D	Ozbourn Ct.	2625
1145-E	Ozbourn Ct.	2567
1145-F	Ozbourn Ct.	2695
1147-A	Ozbourn Ct.	2397
1147-B	Ozbourn Ct.	2388
1147-C	Ozbourn Ct.	2768
1147-D	Ozbourn Ct.	2817

The Villages at Treasure Island 2014 Rent Schedule

1147-E	Ozbourn Ct.	2561
1147-F	Ozbourn Ct.	2768
1147-G	Ozbourn Ct.	2477
1147-H	Ozbourn Ct.	2298
1149-A	Ozbourn Ct.	2388
1149-B	Ozbourn Ct.	2305
1149-C	Ozbourn Ct.	2618
1149-D	Ozbourn Ct.	2298
1201-A	Bayside Dr.	2388
1201-B	Bayside Dr.	2417
1201-C	Bayside Dr.	2561
1201-D	Bayside Dr.	2695
1201-E	Bayside Dr.	2388
1201-F	Bayside Dr.	2305
1202-A	Mariner Dr.	2516
1202-B	Mariner Dr.	2305
1202-C	Mariner Dr.	2768
1202-D	Mariner Dr.	2768
1202-E	Mariner Dr.	2433
1202-F	Mariner Dr.	2433
1203-A	Bayside Dr.	2292
1203-B	Bayside Dr.	2100
1203-C	Bayside Dr.	2516
1203-D	Bayside Dr.	2388
1204-A	Mariner Dr.	2298
1204-B	Mariner Dr.	2644
1204-C	Mariner Dr.	2631
1204-D	Mariner Dr.	2567
1204-E	Mariner Dr.	2644
1204-F	Mariner Dr.	2516
1205-A	Bayside Dr.	2369
1205-B	Bayside Dr.	2435
1205-C	Bayside Dr.	2945
1205-D	Bayside Dr.	3108
1205-E	Bayside Dr.	2435
1205-F	Bayside Dr.	2307
1208-A	Mariner Dr.	2388
1208-B	Mariner Dr.	2516
1208-C	Mariner Dr.	2945
1208-D	Mariner Dr.	2695
1208-E	Mariner Dr.	2644
1208-F	Mariner Dr.	2388
1210-A	Mariner Dr.	2561
1210-B	Mariner Dr.	2768
1210-C	Mariner Dr.	2768
1210-D	Mariner Dr.	2810
1211-A	Bayside Dr.	2817
1211-B	Bayside Dr.	2817
1211-C	Bayside Dr.	3137
1211-D	Bayside Dr.	3137
1211-E	Bayside Dr.	2644

The Villages at Treasure Island
2014 Rent Schedule

1211-F	Bayside Dr.	2817
1212-A	Mariner Dr.	2516
1212-B	Mariner Dr.	2417
1212-C	Mariner Dr.	2561
1212-D	Mariner Dr.	2810
1212-E	Mariner Dr.	2516
1212-F	Mariner Dr.	2483
1213-A	Bayside Dr.	2516
1213-B	Bayside Dr.	2593
1213-C	Bayside Dr.	2889
1213-D	Bayside Dr.	3027
1213-E	Bayside Dr.	2426
1213-F	Bayside Dr.	2644
1214-A	Gateview Ct.	2388
1214-B	Gateview Ct.	2417
1214-C	Gateview Ct.	3027
1214-D	Gateview Ct.	2945
1214-E	Gateview Ct.	2132
1214-F	Gateview Ct.	2483
1215-A	Bayside Dr.	2593
1215-B	Bayside Dr.	2388
1215-C	Bayside Dr.	2369
1215-D	Bayside Dr.	2625
1215-E	Bayside Dr.	2644
1215-F	Bayside Dr.	2644
1217-A	Mariner Dr.	2516
1217-B	Mariner Dr.	2516
1217-C	Mariner Dr.	2768
1217-D	Mariner Dr.	2561
1217-E	Mariner Dr.	2417
1217-F	Mariner Dr.	2305
1218-A	Gateview Ct.	2388
1218-B	Gateview Ct.	2305
1218-C	Gateview Ct.	2810
1218-D	Gateview Ct.	2561
1218-E	Gateview Ct.	2516
1218-F	Gateview Ct.	2132
1219-A	Mariner Dr.	2516
1219-B	Mariner Dr.	2388
1219-C	Mariner Dr.	2695
1219-D	Mariner Dr.	2768
1219-E	Mariner Dr.	2644
1219-F	Mariner Dr.	2388
1221-A	Mariner Dr.	2516
1221-B	Mariner Dr.	2388
1221-C	Mariner Dr.	2695
1221-D	Mariner Dr.	2625
1221-E	Mariner Dr.	2388
1221-F	Mariner Dr.	2718
1224-A	Bayside Dr.	2433
1224-B	Bayside Dr.	2644

The Villages at Treasure Island 2014 Rent Schedule

1224-C	Bayside Dr.	2955
1224-D	Bayside Dr.	2955
1224-E	Bayside Dr.	2388
1224-F	Bayside Dr.	2305
1227-A	Northpoint Dr.	2388
1227-B	Northpoint Dr.	2388
1227-C	Northpoint Dr.	2945
1227-D	Northpoint Dr.	2625
1227-E	Northpoint Dr.	2388
1227-F	Northpoint Dr.	2388
1228-A	Gateview Ct.	2644
1228-B	Gateview Ct.	2388
1228-C	Gateview Ct.	2953
1228-D	Gateview Ct.	2955
1228-E	Gateview Ct.	2679
1228-F	Gateview Ct.	2516
1232-A	Northpoint Dr.	2388
1232-B	Northpoint Dr.	2644
1232-C	Northpoint Dr.	2561
1232-D	Northpoint Dr.	2945
1232-E	Northpoint Dr.	2644
1232-F	Northpoint Dr.	2644
1234-A	Northpoint Dr.	2388
1234-B	Northpoint Dr.	2644
1234-C	Northpoint Dr.	2945
1234-D	Northpoint Dr.	2842
1234-E	Northpoint Dr.	2260
1234-F	Northpoint Dr.	2644
1235-A	Northpoint Dr.	2260
1235-B	Northpoint Dr.	2132
1235-C	Northpoint Dr.	2817
1235-D	Northpoint Dr.	2955
1235-E	Northpoint Dr.	2211
1235-F	Northpoint Dr.	2132
1237-A	Northpoint Dr.	2567
1237-B	Northpoint Dr.	2388
1237-C	Northpoint Dr.	2369
1237-D	Northpoint Dr.	2561
1237-E	Northpoint Dr.	2132
1237-F	Northpoint Dr.	2566
1238-A	Northpoint Dr.	2417
1238-B	Northpoint Dr.	2388
1238-C	Northpoint Dr.	2695
1238-D	Northpoint Dr.	2695
1238-E	Northpoint Dr.	2388
1238-F	Northpoint Dr.	2305
1239-A	Northpoint Dr.	2516
1239-B	Northpoint Dr.	2388
1239-C	Northpoint Dr.	2164
1239-D	Northpoint Dr.	2177
1239-E	Northpoint Dr.	2388

The Villages at Treasure Island 2014 Rent Schedule

1239-F	Northpoint Dr.	2388
1239-G	Northpoint Dr.	2049
1239-H	Northpoint Dr.	2241
1240-A	Northpoint Dr.	2305
1240-B	Northpoint Dr.	2305
1240-C	Northpoint Dr.	2369
1240-D	Northpoint Dr.	3033
1240-E	Northpoint Dr.	2644
1240-F	Northpoint Dr.	2042
1241-A	Northpoint Dr.	2388
1241-B	Northpoint Dr.	2388
1241-C	Northpoint Dr.	2625
1241-D	Northpoint Dr.	2945
1241-E	Northpoint Dr.	2516
1241-F	Northpoint Dr.	2644
1242-A	Northpoint Dr.	2416
1242-B	Northpoint Dr.	2417
1242-C	Northpoint Dr.	2561
1242-D	Northpoint Dr.	2042
1242-E	Northpoint Dr.	2561
1242-F	Northpoint Dr.	2132
1245-A	Northpoint Dr.	2042
1245-B	Northpoint Dr.	2644
1245-C	Northpoint Dr.	2689
1245-D	Northpoint Dr.	2693
1245-E	Northpoint Dr.	2516
1245-F	Northpoint Dr.	2289
1247-A	Exposition Dr.	2305
1247-B	Exposition Dr.	2417
1247-C	Exposition Dr.	2625
1247-D	Exposition Dr.	2132
1247-E	Exposition Dr.	2305
1247-F	Exposition Dr.	2417
1249-A	Exposition Dr.	2644
1249-B	Exposition Dr.	2516
1249-C	Exposition Dr.	2625
1249-D	Exposition Dr.	2516
1249-E	Exposition Dr.	2305
1249-F	Exposition Dr.	2516
1250-A	Exposition Dr.	2644
1250-B	Exposition Dr.	2132
1250-C	Exposition Dr.	2369
1250-D	Exposition Dr.	2631
1250-E	Exposition Dr.	2119
1250-F	Exposition Dr.	2644
1253-A	Exposition Dr.	2644
1253-B	Exposition Dr.	2516
1253-C	Exposition Dr.	2900
1253-D	Exposition Dr.	2945
1253-E	Exposition Dr.	2132
1253-F	Exposition Dr.	2469

The Villages at Treasure Island 2014 Rent Schedule

1301-A	Gateview Ave	3198
1301-B	Gateview Ave	2810
1301-C	Gateview Ave	2810
1301-D	Gateview Ave	2727
1302-A	Avenue B	2689
1302-B	Avenue B	2905
1302-C	Avenue B	2983
1302-D	Avenue B	2945
1302-E	Avenue B	2983
1302-F	Avenue B	2983
1303-A	Gateview Ave	2842
1303-B	Gateview Ave	2845
1303-C	Gateview Ave	2841
1303-D	Gateview Ave	2945
1303-E	Gateview Ave	2842
1303-F	Gateview Ave	2842
1304-A	Avenue B	2689
1304-B	Avenue B	2689
1304-C	Avenue B	2689
1304-D	Avenue B	3137
1304-E	Avenue B	2689
1304-F	Avenue B	3111
1305-A	Gateview Ave	3105
1305-B	Gateview Ave.	2841
1305-C	Gateview Ave	2841
1305-D	Gateview Ave	2842
1306-A	Gateview Ave.	2978
1306-B	Gateview Ave	3137
1306-C	Gateview Ave.	3050
1306-D	Gateview Ave.	2981
1306-E	Gateview Ave.	2810
1306-F	Gateview Ave.	3137
1307-A	Gateview Ave	3225
1307-B	Gateview Ave	3196
1307-C	Gateview Ave	3137
1307-D	Gateview Ave	3009
1307-E	Gateview Ave	3137
1307-F	Gateview Ave	3073
1308-A	Gateview Ave.	2810
1308-B	Gateview Ave.	2945
1308-C	Gateview Ave.	2945
1308-D	Gateview Ave.	2828
1308-E	Gateview Ave.	2700
1308-F	Gateview Ave.	2828
1309-A	Gateview Ave	3225
1309-B	Gateview Ave	3225
1309-C	Gateview Ave	3225
1309-D	Gateview Ave	3137
1309-E	Gateview Ave	3225
1309-F	Gateview Ave	3047
1310-A	Gateview Ave.	2810

The Villages at Treasure Island 2014 Rent Schedule

1310-B	Gateview Ave.	2689
1310-C	Gateview Ave.	2689
1310-D	Gateview Ave.	2625
1310-E	Gateview Ave.	2810
1310-F	Gateview Ave.	2689
1311-A	Gateview Ave	3137
1311-B	Gateview Ave	3225
1311-C	Gateview Ave	3225
1311-D	Gateview Ave	3225
1311-E	Gateview Ave	3225
1311-F	Gateview Ave	2839
1312-A	Gateview Ave.	2828
1312-B	Gateview Ave.	2810
1312-C	Gateview Ave.	2754
1312-D	Gateview Ave.	2561
1312-E	Gateview Ave.	2810
1312-F	Gateview Ave.	2828
1313-A	Gateview Ave	2955
1313-B	Gateview Ave	2810
1313-C	Gateview Ave	2945
1313-D	Gateview Ave	2955
1313-E	Gateview Ave	2689
1313-F	Gateview Ave	2955
1314-A	Gateview Ave.	3137
1314-B	Gateview Ave.	3137
1314-C	Gateview Ave.	3137
1314-D	Gateview Ave.	3137
1315-A	Gateview Ave	3035
1315-B	Gateview Ave	2945
1315-C	Gateview Ave	3035
1315-D	Gateview Ave	3035
1315-E	Gateview Ave	3035
1315-F	Gateview Ave	2810
1316-A	Gateview Ave.	2967
1316-B	Gateview Ave.	2951
1316-C	Gateview Ave.	2967
1316-D	Gateview Ave.	2561
1316-E	Gateview Ave.	2810
1316-F	Gateview Ave.	2810
1325-A	Westside Dr.	3137
1325-B	Westside Dr.	3073
1325-C	Westside Dr.	3137
1325-D	Westside Dr.	3137
1400-A	Sturgeon St.	2113
1400-B	Sturgeon St.	2049
1400-C	Sturgeon St.	2113
1400-D	Sturgeon St.	2113
1400-E	Sturgeon St.	2113
1400-F	Sturgeon St.	2113
1402-A	Sturgeon St.	2113
1402-B	Sturgeon St.	2113

The Villages at Treasure Island 2014 Rent Schedule

1402-G	Sturgeon St.	2113
1402-D	Sturgeon St.	2189
1402-E	Sturgeon St.	2241
1402-F	Sturgeon St.	2049
1404-A	Sturgeon St.	2113
1404-B	Sturgeon St.	2113
1404-C	Sturgeon St.	2113
1404-D	Sturgeon St.	2127
1404-E	Sturgeon St.	2241
1404-F	Sturgeon St.	2042
1418-A	Striped Bass St.	2113
1418-B	Striped Bass St.	2241
1418-C	Striped Bass	2113
1418-D	Striped Bass	2113
1418-E	Striped Bass	2113
1418-F	Striped Bass	2241
1420-A	Striped Bass	2100
1420-B	Striped Bass	2067
1420-C	Striped Bass	2127
1420-D	Striped Bass	2113
1420-E	Striped Bass	2369
1420-F	Striped Bass	2241
1430-A	Halibut Ct.	2251
1430-B	Halibut Ct.	2049
1430-C	Halibut Ct.	2113
1430-D	Halibut Ct.	2174
1430-E	Halibut Ct.	2113
1430-F	Halibut Ct.	2324
1431-A	Halibut Ct.	2113
1431-B	Halibut Ct.	2113
1431-C	Halibut Ct.	2113
1431-D	Halibut Ct.	2113
1431-E	Halibut Ct.	2113
1431-F	Halibut Ct.	2113
1436-A	Chinook Ct.	2113
1436-B	Chinook Ct.	2127
1436-C	Chinook Ct.	2049
1436-D	Chinook Ct.	2113
1436-E	Chinook Ct.	2113
1436-F	Chinook Ct.	2113
1437-A	Chinook Ct.	2113
1437-B	Chinook Ct.	2113
1437-C	Chinook Ct.	2113
1437-D	Chinook Ct.	2154
1437-E	Chinook Ct.	2154
1437-F	Chinook Ct.	2100
1438-A	Chinook Ct.	2113
1438-B	Chinook Ct.	2049
1438-C	Chinook Ct.	2127
1438-D	Chinook Ct.	2113
1438-E	Chinook Ct.	2113

The Villages at Treasure Island
2014 Rent Schedule

1438-F	Chinook Ct.	2241
1439-A	Chinook Ct.	2113
1439-B	Chinook Ct.	2113
1439-C	Chinook Ct.	2127
1439-D	Chinook Ct.	2241
1439-E	Chinook Ct.	2113
1439-F	Chinook Ct.	2113
1444-A	Croaker Ct.	2113
1444-B	Croaker Ct.	2172
1444-C	Croaker Ct.	2113
1444-D	Croaker Ct.	1985
1444-E	Croaker Ct.	2356
1444-F	Croaker Ct.	2301
1449-A	Croaker Ct.	1921
1449-B	Croaker Ct.	2127
1449-C	Croaker Ct.	2125
1449-D	Croaker Ct.	2113
1449-E	Croaker Ct.	2113
1449-F	Croaker Ct.	2100

SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

**EXHIBIT I
UTILITIES**

STANDARD UTILITIES AND SERVICES AND RATES

TREASURE ISLAND/YERBA BUENA ISLAND MARKET-RATE HOUSING

as of July 1, 2014

<u>Utility Service</u>	<u>Rate</u>	<u>Unit</u>
Electric	Flat rate	
Water	Flat rate	
Sewer	Flat rate	
Gas	Flat rate	
<hr/>		
Total Utility Rate:	\$335.56 per Month per Residential Unit	

**Memorandum of Understanding between the Treasure Island Development Authority
(TIDA) and the San Francisco Public Utilities Commission (SFPUC)
Regarding Naval Station Treasure Island Utility Services during the Term of the Base
Caretaker Cooperative Agreement between TIDA and the U.S. Navy**

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") is entered into as September ____, 2013, by and between the **CITY AND COUNTY OF SAN FRANCISCO** ("City"), a municipal corporation acting by and through the San Francisco Public Utilities Commission ("SFPUC"), and the **TREASURE ISLAND DEVELOPMENT AUTHORITY**, a California non-profit public benefit corporation ("TIDA"), collectively, the "parties", upon the following facts, intentions and understandings of the parties:

RECITALS

A. In 1993, Naval Station Treasure Island ("NSTI"), consisting of both Treasure Island and portions of Yerba Buena Island, was designated for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510 and its subsequent amendments. The Department of Defense subsequently designated the City and County of San Francisco ("City"), and later TIDA, as the Local Reuse Authority ("LRA") responsible for the conversion of NSTI under the federal disposition process.

B. TIDA was created in 1997 to serve as a single-purpose entity responsible for the redevelopment of NSTI. Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (1) designated TIDA as a redevelopment agency under the California Community Redevelopment Law with authority over NSTI, and (2) with respect to those portions of NSTI that are subject to the public trust for commerce, navigation and fisheries (the "Tidelands Trust" or "Trust"), vested in TIDA the authority to administer the Tidelands Trust as to such property in accordance with the terms of the Act.

C. The City and the Navy entered into the Base Caretaker Cooperative Agreement executed March 12, 1997, as amended from time to time (collectively, the "Cooperative Agreement"), for the interim management and operation of NSTI during the disposition process. Under the Cooperative Agreement, the City assumed responsibility for certain caretaker duties at NSTI including the operation, maintenance and repair of the Navy's utility systems that service NSTI. These caretaker responsibilities were later assumed by TIDA in 1998.

D. In January 2012 in response to AB26, the Board of Supervisors rescinded its designation of the TIDA as the redevelopment agency under California Community Redevelopment Law, but preserved TIDA's status as the LRA for NSTI and all other powers and authority that the City had granted to TIDA or that TIDA otherwise had.

E. The Cooperative Agreement includes various Function Annexes that describe in detail the caretaker duties for which TIDA is responsible under the Cooperative Agreement. Functional Annex 6 – Utilities Services – describes the Caretaker responsibilities for the

operation and maintenance of utilities systems at NSTI that TIDA is responsible to provide. The SFPUC has provided utility services on NSTI on behalf of TIDA, including the operation and maintenance of the active NSTI utility systems and the delivery of utilities to the occupants and users of NSTI. SFPUC activities include delivery of electricity, gas, water, stormwater and the operation and maintenance of the existing wastewater treatment plant and related facilities and pipe network on NSTI. Because the utility related facilities are not owned by the City or TIDA and have not been accepted by the Board of Supervisors pursuant to City ordinances, these utilities are not under the jurisdiction of the SFPUC. The SFPUC has been performing utility services for TIDA to the extent it can be reimbursed by NSTI utility revenues imposed or collected by TIDA, or other TIDA revenues. To date, the SFPUC has performed utility services at NSTI without a formal agreement with TIDA, and the purpose of this MOU is to memorialize the terms and conditions of continued performance of certain defined utility services.

F. In 2011, the City, TIDA and Treasure Island Community Development, LLC. ("TICD"), entered into three related agreements: a Disposition and Development Agreement (the "DDA") between TIDA and TICD; a Development Agreement (the "DA") between the City and TICD; and an Interagency Cooperation Agreement (the "ICA") between the City and TIDA (for reference purposes, all of these agreements are dated as of June 28, 2011). The DDA details a phased program for the development of NSTI including an Infrastructure Plan, Exhibit FF to the DDA, which describes the future utilities to be constructed by TICD as part of the development project.

G. TIDA is negotiating with the Navy an Economic Development Conveyance Memorandum of Agreement (the "EDC MOA") seeking conveyance of all of NSTI other than the portions that the Navy previously conveyed to the United States Department of Labor Job Corps, the United States Coast Guard and the Federal Highway Administration through federal-to-federal transfers. The portions of NSTI that are subject to the EDC Application are collectively referred to in this MOU as the "Property". Following execution of the EDC MOA, the Navy will transfer the Property to TIDA, as the designated LRA, in phases in accordance with the conditions set forth in the EDC MOA (the "Transfer"). The EDC MOA will address the obligations of the Navy and TIDA with respect to maintenance, operation, and replacement of utility systems during the course of the Transfer process through a Utility Agreement that is being negotiated between TIDA and the Navy. The parties anticipate that TIDA and the SFPUC will negotiate a new MOU, or an amendment to this MOU, related to utility services provided under the term of the EDC MOA and Utility Agreement.

H. For purposes of this MOU utility infrastructure on the Property that has not yet been transferred to the City is referred to as "Pretransfer Infrastructure."

I. The parties acknowledge that the existing infrastructure on NSTI was built by the Navy and does not meet current SFPUC standards. Given the state of the existing infrastructure, the SFPUC may not be able to provide utility services on NSTI equivalent to the services that SFPUC provides in the other areas of San Francisco, pending construction, dedication and acceptances of new utility systems. SFPUC has worked with TIDA on plans for long term capital improvements to the substandard infrastructure through the redevelopment of NSTI.

NOW, THEREFORE, the parties hereto agree as follows:

1. Term. The term of this MOU will commence on the date on which the parties hereto have executed and delivered this MOU and will expire, unless sooner terminated, on September 30, 2014, unless amended by the parties in writing.

2. Provision of Utility Services.

(a) During the Term, the SFPUC agrees that it will continue to provide utility services for, and on behalf of, TIDA on NSTI consistent with past practices, and to the extent feasible given the condition of the utility systems and related infrastructure (the "Services"). These Services are described in Functional Annex 6 of the current Cooperative Agreement with noted exceptions and amendments as shown on Exhibit A, attached hereto, and subject to the terms and conditions of this MOU. The scope of the Services may be amended by written agreement between the parties hereto. In no event shall the SFPUC be required to continue to provide the Services if TIDA fails to fulfill its payment obligations set forth in Section 3 below.

(b) The parties acknowledge that all Services rendered by the SFPUC to TIDA hereunder are as a contractor, not as a public utility provider, and the SFPUC's expenditure authority in providing the Services is limited to the funds realized under Section 3 below as payment for the Services. These payments are expected to include funds for the day-to-day operation and maintenance of the Pretransfer Infrastructure, including any claims or judgments, so that the SFPUC is made whole.

(c) The Navy, as the owner of NSTI, has responsibility for investigating and remediating Hazardous Materials consistent with Federal and State law, and the terms of the pending EDC MOA. TIDA is responsible for conveying information concerning Navy activities to SFPUC and developing and distributing Health and Safety Plans for the use of SFPUC employees performing services under this MOU. TIDA agrees to inform SFPUC as soon as practicable of any work that the Navy is performing as part of the remediation or otherwise, that will impact Navy infrastructure that the SFPUC is responsible under this MOU to service. TIDA agrees to convey as built drawings of any repaired or replaced Navy infrastructure to the SFPUC as soon as practicable. Upon SFPUC's request, TIDA will schedule meetings with the persons most knowledgeable about the Navy's remediation activities in order to provide current information to the SFPUC.

(d) The SFPUC will inform TIDA of all known conditions related to providing Services that could result in threats to public health and safety or regulatory violations due to infrastructure failure. The SFPUC conducted a condition assessment of certain utility infrastructure on NSTI, and provided those reports to TIDA. In addition, the SFPUC provided TIDA an assessment and cost estimate for the most immediate necessary capital improvements for the existing utilities on NSTI, including system reliability, regulatory compliance, and public/worker safety. TIDA is pursuing Board approval of capital funding in the amount of \$10 Million to address critical near term repairs to the existing infrastructure. SFPUC will coordinate with TIDA in the implementation of those capital repair projects.

(e) SFPUC will not continue to provide Services if conditions at NSTI work locations present a threat to the health and safety of SFPUC staff or contractors. SFPUC shall notify TIDA when it becomes aware of circumstances that pose an immediate or near term threat to the health or safety of SFPUC staff or others. Immediate threats to the health or safety of SFPUC staff will result in the immediate cessation of applicable Services until TIDA, or a third party, remedies the unsafe situation to a satisfactory level to permit the continuation of the applicable Services. Near term threats to the health or safety of SFPUC staff will be reported by the SFPUC to TIDA with a summary of work needed to remedy the unsafe situation, including an estimated timeframe for how long the SFPUC will be able to safely provide utility services before the situation must be remedied.

(f) As noted in Recital I above, the existing infrastructure on NSTI was built by the Navy and does not meet current SFPUC standards. SFPUC is not responsible for permit or regulatory violations that result from facilities that the SFPUC has notified TIDA are in need of repair or replacement. SFPUC currently prepares, and will continue to prepare, the reports for state and federal wastewater, stormwater, air emissions and drinking water permits for the Navy, but the Navy is responsible for certifying and submitting those reports. The Navy is also responsible for meeting any permit violation reporting requirements. The SFPUC currently uploads, and will continue to upload data to C.I.W.Q.S, but the Navy is ultimately responsible for certifying all monitoring data and reporting.

(g) TIDA is responsible under the Cooperative Agreement for communications with the Navy and all third parties on NSTI regarding the conditions of the utility systems, and any interruptions to Services. The SFPUC will assist as needed in any such communications.

3. Compensation.

(a) TIDA shall pay, or cause the SFPUC to be paid by the occupants of NSTI, for the costs to perform the Services, including any claims or judgments arising from such performance, such that the SFPUC is made whole (without penalty or profit). The SFPUC shall recommend to TIDA annual budgets and supplemental budgets as needed to perform the Services and the parties will meet and discuss all recommended repairs, upgrades and ongoing utility costs, and continue to make adjustments to budgets and charges as needed. The SFPUC agrees to invoice NSTI residents and businesses consistent with existing practices. The parties will meet and confer to discuss recommended changes to charges. All amounts collected by the SFPUC from NSTI residents and businesses shall be credited against amounts otherwise due and owing from TIDA to the SFPUC under this MOU.

(b) In January 2009, the Board of Supervisors approved an agreement between the SFPUC and TIDA, where TIDA agreed to make payments to the SFPUC in the amounts set forth in the Memorandum of Understanding Regarding Utility Rate Adjustments, to reimburse the SFPUC for unpaid amounts of utility services provided during Fiscal Years 1997/1998 through 2005/2006 over a term extending to the Fiscal Year 2018/2019, and TIDA shall continue to make those payments pursuant to such MOU until all the payments have been made.

(c) The parties further agree to meet and confer on a regular basis to review charges and payment amounts and make recommendations as to changes if appropriate.

4. **Cooperation.** The SFPUC and TIDA agree to cooperate with one another to implement the terms of this MOU in good faith, and shall meet regularly to discuss utilities operations and maintenance matters at NSTI.

5. **Notices.** Any notice given under this Agreement shall be in writing and given by delivering the notice in person, by commercial courier or by sending it by regular mail, with postage prepaid, to the mailing address listed below or any other address notice of which is given. For the convenience of the parties, copies of notices may also be given by facsimile, to the telephone number listed below or such other numbers as may be provided from time to time.

Address for SFPUC: 525 Golden Gate Ave,
13th Floor
San Francisco, CA 94103
Attn: Harlan L. Kelly Jr., General Manager
Telephone No: (415) 554-4704
Email: HKelly@sfgov.org

Address for the Authority: 1 Avenue of the Palms, Suite 241
Treasure Island
San Francisco, CA 94130
Attn: Robert Beck, Treasure Island Director
Fax No: (415) 274-0662
Telephone No: (415) 274-0660
Email: bob.beck@sfgov.org

7. **Miscellaneous Provisions.**

a. **California Law.** This Agreement shall be construed and interpreted in accordance with the laws of the State of California and the City, including the City's Charter.

b. **Entire Agreement.** Subject to any subsequent agreements authorized pursuant to this Agreement, this Agreement contains all of the representations and the entire agreement between the parties with respect to the subject matter of this Agreement. No prior drafts of this Agreement or changes from those drafts to the executed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider those drafts in interpreting this Agreement.

c. **Amendments.** No amendment of this Agreement or any part hereof shall be valid unless it is in writing and signed by all of the parties hereto.

d. **No Party Drafter; Captions.** 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. Any caption preceding the text of any

section, paragraph or subsection or in the table of contents is included only for convenience of reference and shall be disregarded in the construction and interpretation of this Agreement.

e. Further Assurances. The parties hereto agree to execute and acknowledge such other and further documents as may be necessary or reasonably required to carry out the mutual intent of the parties as expressed in this Agreement.

f. Necessary Approvals. This Agreement may be subject to approval by the San Francisco Public Utilities Commission and the Treasure Island Development Authority, each in its sole and absolute discretion.

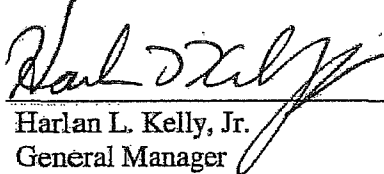
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

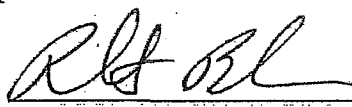
SFPUC:

THE AUTHORITY:

CITY AND COUNTY OF SAN FRANCISCO, acting by and through its Public Utilities Commission

TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation

By: 
Harlan L. Kelly, Jr.
General Manager

By: 
Robert Beck
Treasure Island Director

Approved as to form:

Dennis J. Herrera,
City Attorney

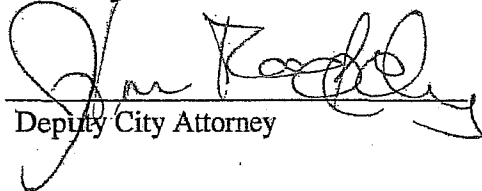
By: 
Deputy City Attorney

Exhibit A

Description of the Services

The attached Functional Annex 6 from the Cooperative Agreement between the US Navy and the City and County of San Francisco outlines "Caretaker" responsibilities for the maintenance and operation of existing utility systems on the for Naval Station Treasure Island / Yerba Buena Island (NAVSTA TI/YBI) assumed by the City and County under the Cooperative Agreement.

Bold parenthetical comments [**Example**] are provided to clarify the Caretaker roles assumed by the Treasure Island Development Authority (TIDA) and San Francisco Public Utilities Commission (SFPUC) under this MOU and to provide clarifying language for certain other terms.

FUNCTIONAL ANNEX 6

UTILITIES SERVICES

6.1. Description

6.1.1. The Utilities Services function provides for maintenance and operation of electric, natural gas, sanitary sewer, sewage treatment and storm sewer systems by the Caretaker as well as for establishment of rates and collection of revenue to offset operating costs.

6.1.2. The Caretaker may use Building 264 and storage lot 292 at Treasure Island for performance of the Utilities Services function.

6.2. Concept of Operations

6.2.1. Lease of Utility Systems to the Treasure Island Development Authority: It is the intent of the Caretaker to enter into a lease for Navy owned utility systems serving Naval Station Treasure by the signing of EDC/LIFOC for the property. Prior to execution of the planned lease, and within the term of this agreement, the Caretaker will operate utility systems in accordance with requirements of this Annex and of the Technical Execution Plan for Utilities Management which is attached to and made part of this agreement. After execution of the lease, provisions of this agreement pertaining to utilities operations will be extinguished and requirements of the lease will prevail.

6.2.2. Assumption of Environmental and Operating Permits by the Caretaker: The Caretaker agrees to cooperate with the Navy and regulators to support the timely transfer of the permits required for the continuing operations of the Caretaker. This includes updating the permits to provide the organizational name(s) of the current operators for purposes of reporting required under the permits. The Caretaker will operate utilities in conformance with applicable permits and will perform regular monitoring and reporting required by these permits. All responses (written or oral) to violations or operations outside the permit limits will be brought to the immediate attention of the Navy, however, the responsibility to operate within the permit limits rests with the Caretaker. Specific schedules for transfer of the below listed permits shall be included in the EDC MOA, LIFOC and any other leases entered into by the Navy and the Caretaker. **[The SFPUC will perform the services described in this section in accordance with Sec 2(f) of this MOU]**

- State of Calif. – Health and Welfare Agency, Water Supply Permit No. 02-04-96P-3810702
- BAAQMD Permit to Operate Air Emissions Sources for Plant # 479
- RWQCB NPDES General Storm Water Permit No. CAS000001 for Facility WDID No. 238S012140
- RWQCB NPDES Waste Water Treatment Plant Permit No. CA0110116 Operations Under This Agreement Prior to Leasing
- California Department of Public Works Permit S.F.O.B.B. #16 of 22 November 1944

6.2.3. Operations

6.2.3.1. The Caretaker [SFPUC] will operate and maintain utility systems at Treasure Island and

Yerba Buena Island, as described in the applicable Technical Execution Plan (see paragraph 6.2.3.3), including electric, natural gas, water, sanitary sewer, storm sewer and sewage treatment systems. The Caretaker [TIDA] will defray associated costs through revenue generated by charging uniform rates established by the Caretaker [TIDA].

6.2.3.2. All storage and handling of materials and equipment necessary for utility maintenance shall be done in accordance with the Treasure Island Storm Water Pollution Prevention Plan.

6.2.3.3 The Technical Execution Plan (TEP) for this annex is attached and made part of this agreement. The Caretaker [SFPUC] agrees to conform to the requirements and guidelines of the TEP that defines the extent of Caretaker [SFPUC] responsibility for utilities operations as well as specific operating procedures.

6.2.4. Purchase of Utility Commodities: The Caretaker [SFPUC] will be responsible for purchase of all electricity, natural gas and water consumed on TI and YBI and for purchase of electric power provided to the east water pump station serving the base. **[East water pump station is currently inactive; back-up electrical power provisions already fulfilled]** The Caretaker remains responsible per modification P00009 of this agreement, and agrees to make payment for back-up electrical power delivered to Treasure Island under Navy contract during fiscal year 1999. Payment will be made by the Caretaker directly to the Pacific Gas and Electric Co. upon submission of invoices by that company to the Navy.

6.2.5. Recovering Funds for Consumption by the Navy: Consumption for which the Navy is responsible have been determined through estimates mutually agreed upon by the Navy and the Caretaker. Estimated Navy consumption is itemized in figure 6-1. Total annual charges will not exceed \$48,139.92 annually or \$4,011.66 per month.

Annex 6, Figure 6-1 Navy Liability for Utilities Consumption September 99					
Notes	Use	Consumption Chargeable Monthly	Rate	Monthly cost	Annual Cost
[1]	Electricity for CSO (B's 1 and 570)	24 MWH	\$121.34	\$2,912.16	\$34,945.92
[2]	Natural gas for CSO (B's 1 and 570)	197 MCF	\$5.10	\$1,004.70	\$12,056.40
[3]	Water for CSO	10KGAL	\$4.59	\$45.90	\$550.80
[4]	Sewer for CSO	10KGAL	\$4.89	\$48.90	\$586.80
Totals				\$4,011.66	\$48,139.92

Notes:

- [1] B's 1 & 570 = 10w / sq ft x 9,000 sq ft, 12 hrs per day, 22 days per month = 24MWH / month
- [2] 30 btu's / sq ft / hr x 9,000 sq ft, 24 hrs per day 365 days per year
- [3] 30 GPD / person, 22 days per month assuming average staff including contractors of 15.
- [4] equal to domestic water consumption by CSO

6.2.5 System Extension and Provision of New Service

6.2.5.1. New Services Requested by the Navy and other Federal Users: Subject to the availability of funds for such purpose, the Caretaker [SFPUC] will provide any extension or alteration of systems along with any metering or service connections requested by the Navy or as concurred to by the Navy for other Federal users on the base. The Caretaker [TIDA] will recover costs for such work for other Federal users directly from the *benefiting* agency. Costs incurred for any such work requested by and executed for the Navy will be reimbursed via the provisions of this agreement or by amendment of this agreement as may be required.

6.2.5.2. New Services Required by Lessees or Licensees: The Caretaker [TIDA] may also provide [authorize] system extensions and alterations along with metering and service connections required to fully and exclusively meter use of water, electricity and natural gas within any premises which may be under license or lease from the Navy during the term of this agreement. Costs for any such work will be recovered by the Caretaker [TIDA] directly from the benefiting Lessee or Licensee and will not be charged to the Navy. **[All utility connections, extensions and alterations will only be performed by the SFPUC after a building permit and occupancy certificate are obtained from the authorities having jurisdiction (i.e., Department of Building Inspection) and all utility service connection, inspection, and building costs and fees are paid in full.]**

**TECHNICAL EXECUTION PLAN
UTILITIES MANAGEMENT**

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TECHNICAL EXECUTION PLAN UTILITIES MANAGEMENT

Ref : (a) Cooperative Agreement between the City and County of San Francisco and the U.S. Navy, N62474-97-2-0003, Mod P00012 (period of 01 October 2001 through 30 September 2001)

1.0 Purpose

This document provides general operational procedures for the management of the electric, water, natural gas, and sewer systems on Treasure Island (TI) and Yerba Buena Island (YBI).

2.0 Background (Not used)

3.0 Systems Definitions, Extent of Caretaker Responsibility for Utilities Distribution

The physical extent of each utility system that will be maintained by the Caretaker [SFPUC] is as described below. These descriptions apply to all elements of systems on Treasure Island and Yerba Buena Island and water and electric systems deriving in Emeryville and Oakland respectively with the exception of elements of systems serving the U.S. Coast Guard on Yerba Buena Island which are beyond designated service points and within the boundaries of Coast Guard owned property. The Caretaker [TIDA] will establish responsibilities within the Coast Guard boundaries through direct negotiations with the Coast Guard.

3.1 Water System: Facilities that are operated and maintained by the Caretaker [SFPUC] under the Cooperative agreement consist of the existing water delivery facilities at NAVSTA TI/YBI including:

3.1.1. Supply and delivery pipelines, originating at the supply points for NAVSTA TI/YBI from San Francisco City Distribution System and from the East Bay Municipal Utility District (EBMUD). The Caretaker [SFPUC; if/when connection utilized] agrees to conform to all requirements of California Department of Transportation S.F.O.B.B. Permit No. 16 Dated 22 November 1944 as it pertains to operation of the pipeline originating at the East Bay Municipal Utility District service point in Emeryville to the last (upstream) point of attachment of the Bay Bridge on YBI.

3.1.2. Water storage facilities

3.1.3. Water pumping and chlorinating stations

3.1.4. The water pumping station located in pier E23 of the east span of the San Francisco Bay Bridge.

3.1.5. All supply lines that cross through or under any leased or non-leased building for facility that do not serve that building or facility.

3.1.6. For metered buildings and facilities, the Caretaker [SFPUC] responsibility ends at the first valve or meter upstream of the building or facility.

3.1.5. For building and Facilities that are not metered, the Caretaker [SFPUC] responsibility will include all supply lines and water system facilities up to five (5) feet from any building or facility.

3.2 Sanitary Sewer System: Facilities which are operated and maintained by the Caretaker [SFPUC] consist of the existing sanitary sewer collection and pumping facilities at NAVSTA TI/YBI, including:

3.2.1. Waste water treatment plant including all facilities within the perimeter fence of the plant and including all piping and appurtenant facilities to the point of discharge to San Francisco Bay.

3.2.2 Waste water-pumping stations [and associated control rooms]

3.2.3 Mainline sewers

3.2.4 Forced mains

3.2.5 Collection and service sewers to the limit of lease holding for leased facilities.

3.2.6 For buildings and facilities which are not leased or otherwise occupied, or which are in use by the Navy or Navy Customers; Collection and service sewers to either [a] the last cleanout upstream of the mainline sewer along the service to the building or facility, or [b] a point five (5) feet from the foundation of the building or facility.

3.3 Storm Water System: Facilities which are operated and maintained by the Caretaker [SFPUC] consist of the existing storm water collection and discharge facilities at NAVSTA TI/YBI including:

3.3.1 Storm water collections system from the transition structure of surface flow entering the below surface piping (including drop inlets and other collection structures). Surface and street flows are not included.

3.3.2 Storm water-pumping stations

3.3.3 Storm water outfalls

3.4 Natural Gas System: Natural gas is delivered to NAVSTA TI/YBI by a supply line owned by the Pacific Gas and Electric Co. (PG&E). PG&E also owns and operates the main meters and pressure reducing stations at the point of delivery. The responsibility of the Caretaker [SFPUC] is for all facilities downstream of PG&E facilities including:

3.4.1 Supply and delivery pipeline downstream of the main meter and pressure reduction station located on NAVSTA TI/YBI.

3.4.2 Supply lines to and including that last valve or corporation stop leading to all leased, non-leased, occupied or non-occupied buildings and facilities.

3.5 Electrical Distribution System: Facilities that are operated and maintained by the Caretaker [SFPUC] consist of the existing transformational and distribution facilities at NAVSTA TI/YBI including:

3.5.1 The entire high voltage transmission line serving Treasure Island originating at the point of connection to the breakers at the Port of Oakland's Davis Substation at Point Arnold including overhead and underground elements of the line located on the Fleet and Industrial Supply Center and the Oakland Army Base [now Port of Oakland and City of Oakland], the underground element extending from the Oakland Army Base including the junction with the submarine section of the line and the submarine

section including the junction and the underground section of line at Treasure Island to the point of connection at the main Treasure Island substation.

3.5.2 Main substation at NAVSTA TI/YBL.

3.5.3 Distribution system and related equipment between the substations and the end users.

3.5.4 For metered buildings and facilities, service up to and including the meter.

3.5.5 For building and facilities which are not metered or which have dedicated switch-gear or transformers at the building or facility, service to the low side of the dedicated switch-gear or transformer and shall include the dedicated switch gear or transformer.

3.5.6 For buildings and facilities which are not metered and which do not have dedicated switch-gear or transformers at buildings or facilities, service to the weatherhead, building perimeter, or equipment connection.

3.5.7 The Davis Substation at the Fleet and Industrial Supply Center [Now Port of Oakland], Oakland, CA.

4.0 Organization and Communication

4.1 Caretaker and Navy: Although there is no requirement for regular meetings between the Caretaker [TIDA] and the Navy, all essential communications (status of environmental clean-up projects, etc.) with the Navy shall be conducted with the appropriate Navy SWDIV ("Southwest Division," the Navy's Facilities Management Headquarters located in San Diego) representative. Notification of planned outages or any other pertinent utilities information shall be forwarded to the Navy Caretaker Site Office with the same consideration and priority as extended to any other utility customer served by the Caretaker.

4.1.1 The Caretaker's Representative is:

Robert Beck
Office: Treasure Island, Building 1
Phone: (415) 274-0662

4.1.2 The Navy Representative is:

Patricia McFadden
Office: Treasure Island, Building 1
Phone: (415) 743-4720

5.0 Preventative Maintenance & Repair Work: Regularly scheduled preventive maintenance and all non-emergency repair work will be executed as determined necessary by the Caretaker [SFPUC; subject to funding availability]. Financial reporting [by TIDA] to the appropriate Navy representative is required by provisions of the Cooperative Agreement.

6.0 Trouble Call Response and Reporting

6.1 Origin and Reception of Trouble Calls: Trouble calls may be initiated by any customer by calling 311. The 311 Operator will, in turn, direct calls requiring response that falls within the scope of the CA to the appropriate Caretaker department or subcontractor.

6.2 Caretaker Points of Contact: In addition to the 311 telephone number, the Caretaker shall provide to the Navy Caretaker Site Office an up to date list of telephone numbers for primary Caretaker managers responsible for utilities operations at NAVSTA TI/YBI. This list includes the responsible utility group and will be used by the Navy in cases of emergency and when responses to trouble calls do not occur within a reasonable time period (see response targets of Table 6-2). Note: Appendix 'A' provides operational procedures for Trouble Calls and Emergency Response in addition to key points of contact – both Caretaker and Navy.

TABLE 6-2 Labor Hour and Response Targets			
Type of action	TEP paragraph	Urgency and response targets	
		Routine [1]	Emergency, note [2]
		RegHours / AfterHours	RegHours / AfterHours
Minor, unscheduled repairs	5.0	8hr / NA	4hr / NA
Major repair work	5.0	8hr / NA	4hr / NA

NOTES: [1] Response required during normal working hours only
 [2] Response required 24 hours / day, seven days / week
 [3] N/A – No After Hour

6.3 Caretaker Trouble Call Reception, Response Targets and Reporting: Upon receiving a request from the CSO or other authorized party for trouble call, the Caretaker reception desk will issue a Trouble Call (TC) number which will serve as a key identifier for the call and will be used to track and report on response. The Caretaker will maintain records of all TC#'s issued along with pertinent details on response and resolution and will provide summaries of this information to the Navy Utilities PM as requested.

7.0 Emergency Response

7.1 Emergency Requirements

7.1.1 Definition: 911 should be called where it has been determined or is suspected that immediate action is required to eliminate a threat to human health, the environment, to protect property or to avoid disruption of essential operations.

7.1.2 Reporting: Direct reporting to the Navy is not required during an event, however, the Caretaker [TIDA] will provide the Navy with a written summary of any "significant event" (major personal injury or death, major property damage, "large" fires for example) that has occurred at TI/YBI.

8.0 System Extension, Provision of New Service

8.1 New Services Requested by the Navy and other Federal Users: Subject to the availability of funds for such purpose, the Caretaker [SFPUC] will provide any extension or alteration of systems along with any metering or service connections requested by the Navy or as concurred to by the Navy for other federal users on the base. The Caretaker [TIDA] will recover costs for such work for other Federal users directly from the other Federal users. Costs incurred for any such work requested by and executed for the Navy will be reimbursed via the provisions of this agreement or by amendment of this agreement as may be required

8.2 New Services Required by the Lessees or Licensees: The Caretaker [TIDA] may also provide [authorize] system extensions and alterations along with metering and service connections required to fully and exclusively meter use of water, electricity and natural gas within any premises which may be under license or lease. Costs for any such work will be borne by the Lessee or Licensee. The Cooperative Agreement (paragraph 6.2.5) forbids delivery of any utility commodity to a premise under lease or license that is not fully and exclusively metered (exceptions may be granted if plans are in place for the installation of subject meter.). [All utility connections, extensions and alterations will only be performed by the SFPUC after a building permit and occupancy certificate are obtained from the authorities having jurisdiction (i.e., Department of Building Inspection) and all utility service connection, inspection, and building costs and fees are paid in full.]

9.0 Purchase of Utility Commodities: The Caretaker [SFPUC] will be responsible for purchase of all electricity, natural gas and water consumed on TI and YBI and for purchase of electric power provided to the east water pump station serving the base [Currently inactive]

10.0 Billing and Payment for Utilities Consumption: The Caretaker [TIDA] will defray costs of utility commodities purchased and costs of the operation and maintenance of the utility systems through revenues generated by charging uniform rates established by the Caretaker [TIDA]. The Caretaker [TIDA] will enter into Utility Service Contracts (USC's) with all Federal users including the Navy or the Navy's contractors as required. The USC shall contain pertinent information regarding the utilities agreement between the Caretaker [TIDA] and the specific Federal user, including rates. The Caretaker [SFPUC] will purchase electricity, natural gas and water including electric power for the east water pump station serving TI and YBI [East water pump station is currently inactive].

10.1 Billing Non-Navy Tenants: The Caretaker [SFPUC if requested by TIDA] will be responsible for billing and [TIDA will be responsible for] obtaining payment from all Lessees, Licensees and non-Navy Federal activities permitted to receive utilities services on the base. Charges to these tenants for use of electricity, natural gas, water and sewer service will be determined by the Caretaker [TIDA] (per Annex 6, paragraph 6.2.3.1). In general, consumption will be read from meters which fully and exclusively measure permitted consumption. Where determined to be more economic, consumption may be determined through engineered estimates prepared by the Caretaker [SFPUC].

10.2 Recovering Funds for Consumption by the Navy: Units of consumption for which the Navy is responsible have been determined through estimates mutually agreed upon by the Navy and the Caretaker [TIDA]. The Cooperative Agreement lists estimated uses and the annual/monthly charges to be billed by the Caretaker.

10.3 Charging for Sanitary Sewer Service: Deleted.

11.0 Outage Management

11.1 Scheduled Outages: The following procedures will be used by the Caretaker [TIDA] for any utility outage not resulting from an emergency or unplanned failure:

11.1.1 Caretaker Action: The Caretaker [TIDA] shall coordinate all outages directly with the applicable parties including the Navy and its contractors. Prior to a scheduled outage, the Caretaker [TIDA] shall contact all customers (including those who may be impacted) that will be impacted and provide the following information:

- Purpose of outage
- Utilities commodities affected
- Buildings and facilities affected
- Proposed start and completion dates and times

11.1.2 Coordination by Navy: Navy representative will coordinate the outage request for Navy managed facilities. The Caretaker [TIDA] will coordinate the outage all non-Navy and any affected utilities customers.

11.1.3 Planned Outages: The Caretaker [SFPUC] will execute the outage at the agreed upon time. Authorization from the Navy is not required.

11.1.4 Disapproved or Cancelled Outages: In cases in which the outage cannot be executed, the Caretaker [TIDA] will revisit all impacted customers and advise them of cancellation or revised outage schedule and why it was necessary.

11.1.5 Unscheduled Outages: The Caretaker [SFPUC] will take immediate action to restore service. Authority from the Navy is not required. An "information-only" notice to the Navy representative is required after the event (verbal or written ok).

12.0 Excavation Management

12.1 Scheduled Excavations: The Caretaker [TIDA] will serve as the initial point of contact for all parties seeking to perform excavations at TI/YBI and will implement procedures to assure that no excavation is permitted without advance clearance with regard to underground utilities (see Annex 6. TEP paragraph 13.0) and from the designated Navy representative for environmental conditions. The following procedure will be used by the Caretaker [TIDA] to obtain Navy concurrence for any excavation not resulting from an emergency or unplanned system failure:

12.1.1 Excavation Process: The Caretaker [TIDA] shall retain established Underground Service Alert (USA) membership for the area encompassing TI/YBI and shall be the initial point of contact for all excavation activities within said region. The Caretaker [SFPUC] will locate and, within 48 hours of notification, clearly mark all utilities in the vicinity of proposed excavation prior to start.

12.1.2 Excavation Coordination/Navy Concurrence: Where necessary, the Caretaker [TIDA] will

refer evacuation requests to the designated Navy representative to ensure environmental conditions of soil in and around the area of the planned excavation site can be conveyed to all parties so that they may plan accordingly

12.1.3 "Approved" Evacuation Requests: In cases in which the excavation plan is acceptable as proposed, the Navy will immediately inform the Caretaker [TIDA] of its concurrence and will provide the Caretaker [TIDA] with any special requirements which may be imposed by the Navy [TIDA to **inform original requestor of any special requirement**]. The Caretaker [TIDA] will then perform the excavation or permit the excavation to be performed by the original requestor at the agreed upon time and in accordance with any special requirements which may be imposed by the Navy.

12.1.4 "Disapproved" Excavation Requests: In cases in which the excavation notification or request cannot be concurred to for environmentally related reason(s), the Navy will propose alternatives in writing to the Caretaker [TIDA] for coordination.

13.0 Marking Utilities Locations:

13.1. Electric, Gas, Water, and Sewer: The Caretaker Utilities Manager [SFPUC] will locate and clearly mark all electric, natural gas, water, and sewer utilities. Requests for marking and response handled through the trouble call procedure described in paragraph 6.0, above will conform to the response targets of Table 6-2. In addition, the Caretaker [SFPUC] will locate and clearly mark all electric, natural gas, water, and sewer utilities in any area in which the Caretaker [TIDA] proposes performing an excavation (see Excavation Management, paragraph 12.0). Marking shall be made based on the Navy provided base maps and the best available local knowledge. The Caretaker [SFPUC] will take best efforts to mark abandoned lines to include steam distribution based on available drawings.

13.2 Telephone and abandoned lines: For telephone and other lines that are not Navy owned, the USA Dig will be notified. Caretaker Utilities Manager [TIDA] will provide San Francisco Telecommunications with copy of approved Dig Permit (primary 415-550-2725, sec 415-550-2747). The Utilities Manager [TIDA] will coordinate marking of these lines. Abandoned lines will be marked if known based on Navy maps.

14.0 Maintenance of Government Furnished Vehicles: The Caretaker has full responsibility for maintenance and repair of Navy-provided vehicles, tools and equipment. The Navy may provide additional equipment, as it becomes available, to support the operation and maintenance at T1 and YBI.

15.0 Environmental and Operating Permit Management: The Caretaker agrees to cooperate with the Navy and regulators to support the timely transfer of the permits required for the continuing operations of the Caretaker. This includes updating the permits to provide the organizational name(s) of the current operators for purposes of reporting required under the permits. The Caretaker will operate utilities in conformance with applicable permits and will perform regular monitoring and reporting required by these permits. All responses (written or oral) to violations or operations outside the permit limits will be brought to the immediate attention of the Navy, however, the responsibility to operate within the permit limits rests with the Caretaker. The Caretaker will comply with all regulatory requirements. **[The SFPUC will perform the services described in this section in accordance with Sec. 2(f) of this MOU.]**

15.1 Storm Water Permit: The Caretaker [SFPUC] will completely oversee all monitoring and reporting requirements of the Storm Water General Discharge Permit (issued by RWQCB) and the TI Storm Water Pollution Prevention Plan (sampling, laboratory analysis, and annual report preparation). For the entire duration of the Cooperative Agreement, the Caretaker [SFPUC] will support the Navy in the enforcement of permit requirements and the abatement of non-compliance violations noted during tenant/lessee inspections.

Table 15-1

ENVIRONMENTAL PERMITS FOR WHICH THE CARETAKER WILL PERFORM MONITORING AND REPORTING

<u>Item</u>	<u>Permit Type</u>	<u>Issuing Agency</u>	<u>Permit Number</u>	<u>Monitoring Required</u>	<u>Reporting Required</u>
001	NPDES permit for waste water treatment plant	California Regional Water Quality Control Board	CA0110116	Yes	Yes
002	Domestic Water Supply Permit	California Health and Welfare Agency	System No. 3810702	Yes	Yes
003	Permit to Operate all Air Emissions Sources	Bay Area Air Quality Management District	Plant #479	Yes	Yes
004	NPDES permit for storm water discharge	California Regional Water Quality Control Board	CA S000001 Order No.97-03-DWQ Facility WDID No. 238S012140	Yes	Yes

16.0 Responding to Environmental Hazards

16.1 Definition: Environmental hazards, for the purpose of this discussion, are defined as spills or releases of hazardous substances to the soil which pose potential hazards to Caretaker personnel attempting to perform utility systems maintenance or repair or which may pose a threat to human health in general or to the environment. This definition does not include hazardous materials that may be part of utility system equipment or facilities near utility system equipment such as lead or asbestos insulation or lead based paint.

16.2 Awareness: The Navy has undertaken an extensive program under its Installation Restoration Program (IRP) to document and remedy environmental hazards as defined above. Environmental conditions on the base are documented by the *BASEWIDE ENVIRONMENTAL BASELINE SURVEY*

(1995), *SITE SPECIFIC ENVIRONMENTAL BASE LINE SURVEYS (SSEBS)*, and by the *BRAC CLEAN-UP PLAN (BCP)*. Caretaker [TIDA & SFPUC] personnel engaged in utilities operations should be aware of these sources which show locations and types of contamination at NAVSTA TI/YBI in order to avoid unnecessary contact with contaminated soil. The Caretaker [TIDA] will coordinate with the Navy to obtain the most current maps and characterization of the hazards.

16.3 Procedures: Safety procedures normally observed by the Caretaker should be observed at all times in order to minimize contact with contaminated soil. The following procedures should be followed by Caretaker [TIDA & SFPUC] personnel in the event work is required in an area documented to contain contamination or if undocumented contamination is encountered or suspected.

16.3.1 Planned Excavations

16.3.1.1 In conformance with excavation permit request procedures provided under paragraph 12.0, above, the Caretaker [TIDA] will inform the Navy of the location and planned schedule for any excavation (see 12.1.1).

16.3.1.2 The Navy will provide disclosure of environmental conditions in or adjacent to the excavation area. Disclosure will be communicated to the Caretaker [TIDA] in writing in accordance with excavation request/permit procedures (see 12.1.3).

16.3.1.3 The Caretaker [SFPUC] will perform the excavation in accordance with Caretaker [SFPUC] health and safety practices, and any applicable Federal, State, or local regulations. The Caretaker [SFPUC] will perform the excavation using any required protective equipment.

16.3.2 Unplanned Evacuations

16.3.2.1 When soil contamination is encountered or suspected in the course of unplanned excavations, the Caretaker [SFPUC] will cease work and immediately contact its Environmental oversight office [TIDA]. The Caretaker [TIDA] and the Navy may then evaluate conditions and determine a course of action.

16.3.3 Disposal

16.3.3.1 In any case in which contaminated excavation spoils **[where contamination did not arise from Navy occupancy/activity of NAVSTA TI/YBI]** are produced (either through an approved planned excavation or through an unplanned excavation) determination of proper management and disposition of the spoils will be the responsibility of the Caretaker [TIDA].

16.3.3.2 The Caretaker [TIDA] shall be responsible for disposal of soil, water, and other contaminated materials **[where contamination did not arise from Navy occupancy/activity of NAVSTA TI/YBI]** generated as a result of Caretakers excavations.

Appendix A

UTILITIES TROUBLE/EMERGENCY CALL REPORTING PROCEDURES
AND IMPORTANT CARETAKER/NAVY CALL LIST

August 30, 2013

GENERAL EMERGENCY NUMBER:
San Francisco City Distribution Division (CDD):

311 OR 911 (as appropriate)
(415) 550-4956

Call 911, as appropriate, where it has been determined or is suspected that immediate action is required to eliminate a threat to human health, the environment, to protect property, to avoid disruption of essential operations, or for specific problems including civil disturbance, traffic and fire and safety. All other utility trouble calls should be placed to 311.

1. 311 will receive a utility trouble call and contact CDD Dispatch at (415) 550-4956. The CDD Dispatch will assign a Trouble Call Number (TC#) and record information in TI book.
2. CDD will dispatch trouble call to the appropriate unit:
 - a. Water Problems – to on call team
 - b. Sewer Problems – (415) 648-6882
 - c. Electrical Problems – (209) 989-2099
 - d. Natural Gas Problems (415) 760-5179 for SFPUC and DPW “natural gas” plumbers, NOT PG&E
3. CDD will notify in the order below the following individuals for emergencies involving environmental issues, broken water mains, downed electrical lines, loss of electric power to an area, any sewer overflow/spill, fire, or other emergency involving personal injury or significant property damage:
 - a. Joseph Carlevaris (TI Buildings & Grounds Supervisor)
(415) 554-1572 (office) |
(415) 238-8549 (cell)
If unavailable, notify:
 - b. Sam Larano (SFPUC Project Manager)
(415) 554-0724 (office)
(415) 370-2549 (cell)
 - c. Richard Stephens (Utility Services Manager)
(415) 227-8501 (office)
(415) 238-5600 (cell)
4. If directed, CDD dispatch shall notify:
 - a. SFPUC Communications
Tyrone Jue (Manager, Communications)
(415) 554-3247 (office)
(415) 290-0163 (cell)

-
- b. Treasure Island Development Authority
Robert Beck
(415) 274-0662 (office)
(415) 794-1129 (cell)
 - c. Treasure Island Development Authority
Peter Summerville
(415) 274-0665 (office)
(415) 740-8488 (cell)
 - d. Doug De Long (Environmental Compliance Safety & Security Manager, Navy CSO)
(415) 743-4713 (office)
(510) 772-8832 (cell)
If unavailable, notify:
 - e. Patricia McFadden (BRAC Leader, Navy CSO)
(415) 743-4720 (office)
(415) 599-9961 (cell)

APPENDIX B

Glossary of Terms and Abbreviations		
Term/abbreviation	Full term	Definition
BRAC	Base Realignment and Close	Department of Defense initiative to "right size" the inventory of U.S. military installations. BRAC also refers to a set of laws passed with the FY93 and 94 defense appropriations acts which establish processes for promoting interim reuse of closed bases and for accelerating transfer of base property to the affected communities.
CA	Cooperative Agreement	A quasi-contractual instrument under which DOD components, such as the U.S. Navy can financially reimburse reuse authorities or affected communities for performing caretaking functions on closed bases.
Caretaker		The term used to refer to the reuse authority or community agency that takes over base caretaker functions under a cooperative agreement. In the case of NAVSTA TI/YBI, the Caretaker is the City and County of San Francisco.
EBMUD	East Bay Municipal Utility District	Local not-for-profit water company providing water to the east end of the Bay Bridge.
EFA West	Engineering Field Activity West	Field activity of the Naval Facilities Engineering Command which has responsibility for closure and disposal of Navy bases in the San Francisco Bay Area. All CSO's are organizational components of EFA West Code 60.
lessee / licensee		Holder of a lease or license issued by EFA West for use of facilities aboard a closed or closing BRAC installation. In general the lessee is the local reuse authority such as ARRA in the case of NAVSTA TI/YBI, Alameda.
NAVSTA TI/YBI	Naval Station Treasure Island	For the purpose of this SOP, NAVSTA TI/YBI is defined as Treasure Island and Yerba Buena Island.
CSO	Caretaker Site Office	The Navy office established at a closed base to oversee the caretaker mission. This duty includes coordination of any Cooperative Agreement which may be established.
Navy Public Works	Navy, Public Works Center, San Francisco Bay	The Navy's public works organization in the San Francisco Bay Area. PWCSFB has been the owner and operator of utility systems on BRAC bases. The command was disestablished under the BRAC initiative on 26 Sept 1997.
PG&E	Pacific Gas and Electric Company	Local for-profit gas and electric utility provider.
Utilities PM	Utilities Project Manager	Individual assigned to utilities project management.
Sublessee, sublicense		Holder of a sublease or sublicense for use of facilities on NAVSTA TI/YBI

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 13-0139

WHEREAS, The U.S. Department of Defense closed the Naval Station Treasure Island (NSTI), and the Navy conveyed portions of NSTI to the Coast Guard and to the U.S. Department of Labor, and retained ownership of the remainder of the land and facilities. In 1997, in anticipation of an agreement on the conveyance of the remainder of NSTI, the City and County of San Francisco (City) entered into a Base Caretaker Cooperative Agreement with the U.S. Navy to provide caretaker services (Caretaker Cooperative Agreement); and

WHEREAS, In 1998, and in every subsequent year to date, the Board of Supervisors authorized the Treasure Island Development Authority (TIDA), a non-profit public benefit corporation created by the City, to renew the Base Caretaker Cooperative Agreement; and

WHEREAS, Caretaker responsibilities generally include (1) operation and maintenance (O&M) services for all the existing utility systems on Treasure Island/ Yerba Buena Island (TI/YBI), (2) grounds and street maintenance and repair, (3) property management, and (4) public health, security, and safety services; and

WHEREAS, TIDA has authority through the Caretaker Cooperative Agreement, and through Master Leases from the Navy for certain facilities on NSTI, to establish charges for certain caretaker services through its subleases and other agreements, and through that mechanism provides compensation to the SFPUC for utility services that have been provided to end users on NSTI; and

WHEREAS, The San Francisco Public Utilities Commission (SFPUC) has been providing O&M services for water, wastewater, electric and gas existing utility systems on TI/YBI since 1997 as requested by the City and TIDA; and

WHEREAS, Since 1998 TIDA and the Navy have renewed the Caretaker Cooperative Agreement on a yearly basis, with the approval of the Board of Supervisors and the Mayor; and

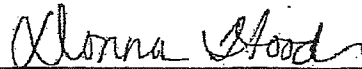
WHEREAS, The current term of the Caretaker Cooperative Agreement expires on September 30, 2013, and TIDA is seeking Board of Supervisors approval of a proposed extension of the term to September 30, 2014; and

WHEREAS, There is currently no formal agreement between the SFPUC and TIDA to perform O&M services for the existing utility systems on TI/YBI; and

WHEREAS, The proposed Memorandum of Understanding (MOU) memorializes the informal arrangement between the SFPUC and TIDA whereby SFPUC has provided certain utility services on NSTI since 1997. Because the MOU does not contemplate any change in the existing operation, maintenance, and supply of utility services, authorizing execution of the MOU is not a "Project" subject to the California Environmental Quality Act (CEQA) under the definition set forth in CEQA Public Resources Code Section 21065, and the CEQA Guidelines Section 15378; now, therefore, be it

RESOLVED, That this Commission hereby authorizes the General Manager of the San Francisco Public Utilities Commission to execute the Memorandum of Understanding between the Treasure Island Development Authority (TIDA) and the SFPUC, in substantially the form on file with the Commission Secretary, to provide certain utility services on Naval Station Treasure Island (NSTI) during the current term of the Base Caretaker Cooperative Agreement between TIDA and the Navy, and through September 30, 2014, provided that the Board of Supervisors approves an extension of the Caretaker Cooperative Agreement between TIDA and the Navy.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of September 10, 2013.



Secretary, Public Utilities Commission

1 [Memoranda of Understanding Between the Treasure Island Development Authority and the
2 San Francisco Public Utilities Commission regarding provision of utilities services on Treasure
3 Island and Yerba Buena Island]

4 **RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE**
5 **TREASURE ISLAND DEVELOPMENT AUTHORITY AND THE SAN FRANCISCO PUBLIC**
6 **UTILITIES COMMISSION FOR THE PROVISION OF UTILITIES SERVICES INCLUDING**
7 **THE MAINTENANCE AND OPERATION OF UTILITY INFRASTRUCTURE ON TREASURE**
8 **ISLAND AND YERBA BUENA ISLAND.**

9 WHEREAS, Former Naval Station Treasure Island is a military base located on
10 Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by
11 the United States of America, acting by and through the Department of the Navy; and,

12 WHEREAS, The Base was selected for closure and disposition by the Base
13 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
14 subsequent amendments; and,

15 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
16 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
17 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Treasure
18 Island Development Authority ("TIDA") as a redevelopment agency under California
19 redevelopment law with authority over the Base upon approval of the City's Board of
20 Supervisors, and (ii) with respect to those portions of the Base which are subject to Tidelands
21 Trust, vested in TIDA the authority to administer the public trust for commerce, navigation and
22 fisheries as to such property; and,

23 WHEREAS, On March 12, 1997, the City and the Navy executed the Base Caretaker
24 Cooperative Agreement in which the City agreed to assume certain caretaker responsibilities
25 for the interim management and operation of the Base during the disposition process; and,

1 WHEREAS, The Board of Supervisors approved the designation of TIDA as a
2 redevelopment agency for Treasure Island in 1997; and,

3 WHEREAS, In 1998 TIDA assumed the caretaker responsibilities outlined in the
4 Cooperative Agreement; and,

5 WHEREAS, Under the Cooperative Agreement the City, and later TIDA, agreed to
6 assume, in addition to other responsibilities, certain responsibilities for operation and
7 maintenance of the water, waste water, storm water, electric and gas utility systems on the
8 Base; and,

9 WHEREAS, The SFPUC has been performing utility services for the Base on behalf of
10 TIDA without benefit of a written agreement for such services; and,

11 WHEREAS, After a competitive bid process, the TIDA Board selected Treasure Island
12 Community Development, LLC ("TICD") as the proposed master developer of the Base; and,

13 WHEREAS, In June 2011 the TIDA Board and the Board of Supervisors approved
14 numerous transactions and entitlement documents related to the proposed development of
15 the Base, including a Disposition and Development Agreement with TICD (the "DDA") and an
16 attached Infrastructure Plan describing certain infrastructure to be built on the Base by TICD;
17 and,

18 WHEREAS, Under the transaction documents, the development is anticipated to
19 include (1) up to 8,000 new residential units, at least 25 percent of which (2,000 units) will be
20 made affordable, (2) adaptive reuse of approximately 311,000 square feet of historic
21 structures, (3) up to approximately 140,000 square feet of new retail uses and 100,000 square
22 feet of commercial office space, (4) approximately 300 acres of parks and open space, (5)
23 new and/or upgraded public facilities, including a joint police/fire station, a school, facilities for
24 the Treasure Island Sailing Center and other community facilities, (6) a 400-500 room hotel,
25 and (7) landside improvements for a new 400 slip marina (the "Project"); and,

1 WHEREAS, The SFPUC reviewed and consented to the DDA and the Infrastructure
2 Plan, and was a party to an Interagency Cooperation Agreement under which various City
3 agencies agreed to work with TIDA in connection with the Project; and,


4 WHEREAS, On April 21, 2011, the Planning Commission by Motion No. 18325, and
5 the TIDA Board of Directors by Resolution No. 11-14, as co-lead agencies, certified the
6 completion of the Final Environmental Impact Report for the Project (the "EIR"). In consenting
7 to the DDA, the SFPUC (as well as the Board of Supervisors and other City departments)
8 made certain findings under the California Environmental Quality Act ("CEQA"), including a
9 mitigation monitoring and reporting program and a statement of overriding considerations;
10 and,

11 WHEREAS, The Project contemplated and the EIR considered the ongoing use,
12 maintenance and repair of the utility infrastructure to the date of replacement by TICD. Since
13 the EIR was finalized, there have been no substantial project changes and no substantial
14 changes in project circumstances that would require revisions to the EIR due to the
15 involvement of new significant environmental effects or an increase in the severity of
16 previously identified significant impacts, and there is no new information that would change
17 the conclusions set forth in the EIR; and,

18 WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of
19 TIDA as the redevelopment agency for Treasure Island under California Community
20 Redevelopment Law in Resolution No. 11-12, and such rescission does not affect TIDA's
21 status as the Local Reuse Authority for Treasure Island or the Tidelands Trust trustee for the
22 portions of Treasure Island subject to the Tidelands Trust, or any of the other powers of TIDA,
23 including the power to implement and complete the Project; and,

24 WHEREAS, TIDA and SFPUC staff have negotiated a Memorandum of Understanding,
25 a copy of which is on file with the Board Secretary (the "Memoranda of Agreement"), to

1 above Resolution was duly adopted and approved by the Board of Directors of the
2 Authority at a properly noticed meeting on September 11, 2013.

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6 **Larry Del Carlo, Secretary**

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SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

EXHIBIT J

MANAGEMENT PLAN

The Villages at Treasure Island
SAMPLE MANAGEMENT PLAN
A General Management Operations Guideline
For Market Rate Property Management

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The Villages at Treasure Island
MANAGEMENT PLAN
A General Management Operations Guideline

I. THE ROLE AND RESPONSIBILITY OF THE OWNER AND ITS RELATION AND DELEGATION OF AUTHORITY TO THE MANAGEMENT AGENT

- A. The Owner _____ ("Owner"), and The John Stewart Company, a California corporation ("Agent") have entered into an agreement dated _____ ("Management Agreement"). The Project (the "Project") managed by the Agent under the Management Agreement is a housing development identified as:
1. Project name: _____
 2. Location:
 - a. City: _____
 - b. County: _____
 - c. State: _____
- B. General Policies. It is the responsibility of the Owner to establish the general policies under which the Project will operate. The Owner shall establish broad policy guidelines and thereafter delegate to Agent the authority and responsibility for carrying out these policies on a day-to-day basis. Agent will be required to consult the Owner prior to taking any action not clearly covered by existing policies of the Owner or the Management Agreement.
- C. Expenditures. In accordance with the terms of the Management Agreement, Agent will be required to contact the Owner for an expenditure not included in the operating budget, that is above the threshold described in the Management Agreement in any one instance for labor, materials or otherwise in connection with the maintenance and repair of the Project, except in cases of emergency. In the case of an emergency, the Owner will be notified of the circumstances as soon as possible.
- D. Budgets. Budgets will be prepared annually by Agent and submitted to the Owner for review and approval.
- E. Decisions of the Owner. The areas in which Agent may make decisions without consulting the Owner include, but are not limited to:
1. Personnel. All hiring, supervising, directing, contracting and termination of on-site personnel and determination of compensation.
 2. Government requirements. Such activities as may be necessary to comply promptly with any and all governmental requirements affecting the Project, except that in such cases Agent will notify the Owner after performing such activities unless the Owner instructs JSCo in writing not to do so.
 3. Compliance. Compliance with the pertinent requirements of the regulatory agreements (if any) as they pertain to management of the Project.
- F. Regional Manager. Agent shall designate a Regional Manager who will be the key contact person for the Management Agent. The Regional Manager will oversee all staff assigned to the Project and will be responsible for enforcing the proper compliance and Regulatory Agreements applicable to the Project. Any instructions from the Owner will be

passed to Agent's Regional Manager, the Director of Property Management, or the Senior Vice President.

- G. Management and other fees. Agent will be paid a management fee and other fees for accounting, marketing and consulting as applicable and outlined in the Management Agreement. The Management Agent will cover, from the fees, expenses incurred in the performance of its duties, such as off-site office overhead, bookkeepers, secretaries, etc. The Project will pay for, out of the General Operating Account, expenses incurred by the Project including on-site office overhead, administrative and maintenance staff, maintenance costs, etc. In addition, the Project will be responsible for a payroll - processing fee.

II. PERSONNEL POLICIES AND STAFFING ARRANGEMENTS

- A. All hiring of employees by the Agent shall conform to equal opportunity requirements. Agent shall not discriminate against any applicant for employment because of age, race, color, ancestry, religion, national origin, sex, marital status, children, pregnancy, disability, sexual orientation, AIDS, ARC, or other arbitrary factors, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and the regulations issued pursuant thereto (24 CFR Part I), Executive Order 11063 and the regulations issued pursuant thereto (25 CFR 570.601), Title VIII of the 1968 Civil Rights Act (Public Law 90-384) and the Fair Housing Amendments Act of 1988.
- B. Agent will follow an employment policy at the Project that will afford residents opportunities for employment at the Project if applicable and when possible.
- C. Specific personnel policies. Specific personnel policies include:
1. Training and promotion opportunities
 - a. Specific training in policies and procedures of the Regulatory Agencies and Lenders (if applicable) will be provided to the Property Manager to ensure Project conformity to program requirements.
 - b. The Property Manager becomes knowledgeable through training and ongoing property management. As the budget permits, the Property Manager will be required to participate in relevant training conducted by professional agencies and organizations to assure understanding of the occupancy requirements of the Project. Agent holds periodic training sessions of a general nature for all employees off-site as well as specific on-site sessions tailored to the needs of individual Projects. In addition to such site-specific training, additional monthly, quarterly and annual training includes, but is not necessarily limited to, Fair Housing and non-discrimination.
 - c. The Property Manager is provided access to the agent's internal website, which includes detailed policy requirements and procedures of Agent. The Regional Manager assigned to the Project reviews with the Property Manager the website information and provides necessary on-the-job training.
 - d. It is Agent's policy to promote from within when possible. Employees are reviewed for potential promotion when positions become available. Agent's job opportunities are posted on its website.
 2. Employee benefits. For employees working at least 30 hours per week, benefits other than those required by statute include vacation time pay, at least 8 paid holidays per year, 6 sick leave days per year (non-entitlement), medical, dental, long-

term disability and life insurance coverage. Employees working 40 hours per week accrue 10 paid vacation days per year (with 15 days accrual per year beginning in the 4th year of service and 20 days/year beginning in the 11th year of service). Employees with less than thirty hours per week are not covered by Agent's health plan, life insurance or long-term disability insurance, nor eligible for paid vacations or sick leave pay. Pursuant to city requirements, employees working in San Francisco, CA may receive additional benefits. Full-time employees may also participate in an optional 401(k) savings program that includes an employer match as a Project expense

3. Employee grievance procedures. The Regional Manager assigned to the Project regularly visits the Project at which time problems can be discussed. If this is not satisfactory to an employee, the employee may contact the Director of Property Management or an officer of Agent.
 4. Employee termination procedures. Demotion, layoff, or termination shall be determined on a non-discriminatory basis. When an employee's performance is substandard, the employee shall be notified in writing. Every effort will be made to work closely with an employee to provide additional training if this is deemed appropriate. If their performance continues to be substandard, the employee will be placed on probation, and/or terminated.
- D. Project Manger. The Property Manager is responsible for the day-to-day operation of the Project. He/she is directly accountable to the Regional Manager who, in turn, is accountable to the Director of Property Management or an Officer of the Agent.
 - E. Additional Personnel. Agent may provide substitute personnel in the absence (i.e., vacation, illness) of the Property Manager or maintenance person. Such substitute personnel costs (if any) shall be Project expenses.
 - F. Employee Handbook. Employees receive the Agent's extensive Employee Handbook which is periodically updated as procedures and laws require.

III. PLAN FOR MAINTAINING ADEQUATE ACCOUNTING RECORDS AND HANDLING NECESSARY FORMS AND VOUCHERS

- A. Accounting Practices and Principles. The basis of accounting will be accrual in accordance with Generally Accepted Accounting Principles (GAAP) and practices.
- B. Collections. Agent will collect all rent charges, miscellaneous charges and other amounts receivable for the Project's account in connection with the management and operation of the Project. Such receipts will be deposited in an account, separate from all other accounts and funds, with a bank whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). This account will be placed in Agent's name and designated of record as the Project's General Operating Account, with Agent as Trustee.
- C. Disbursements. From the funds collected and deposited to the General Operating Account, Agent will make the following disbursements promptly when payable:
 1. Reimbursement to Agent. Reimbursement to Agent for compensation payable to on-site employees of the Project and for insurance premiums, Social Security payments, other payroll taxes and assessments payable to local, State and Federal governments in connection with employment of such personnel.
 2. General Payments and Accounts. Payments required for utilities, real estate taxes and assessments, general liability and fire or other hazard insurance premiums,

Security Deposit Account, Replacement Reserve Account, and the Operating Reserve Account. Separate interest-bearing FDIC accounts will be set up, as appropriate, for Security Deposit and reserve accounts.

3. Loan Payments. All payments of required interest, principal, impounds, fees and charges, if any, on loans that are secured by liens on the Project as approved by Owner and Lenders.
 4. All amounts otherwise due and payable as expenses of the Project authorized to be incurred by Agent under the terms of the Management Contract.
 5. Other disbursements required by the Owner and Lenders in writing.
 6. In no event will Agent be required to use its own funds to pay such disbursements. Agent will advise the Owner immediately of any deficiency. In the event the balance in the General Operating Account is projected to be insufficient to meet accounts payable, the Regional Manager will immediately apprise the Owner. Recommendations will be made for cutting costs, increasing revenues, or other measures, which will alleviate the cash flow shortage. The Owner will make the final decision to resolve the shortage. It is anticipated that any insufficiency will be forecast in advance.
- D. Checks. Checks will normally be computer-generated or manually written by Agent with two signatures required as follows:
1. The Regional Manager of the Project, and
 2. The Director of Property Management, an Officer of the Agent or other authorized signatory.
- E. Monthly Financial Report. A Monthly Financial Report will be provided to the Owner which includes a statement of receipts and disbursements, a schedule of accounts payable, an income/profit and loss statement with current month and year-to-date budget comparisons, a balance sheet, a trial balance, copies of monthly bank statements and reconciliations, rent roll, and a list of the balances in all bank accounts as of the last day of the previous account period. The report shall set forth the applicable data for the prior month and year-to-date. Cash flow will be closely monitored. These monthly accounting reports will be provided on the 20th of the following month on an ongoing basis. To the extent possible, the Agent will submit all reports electronically to the Owner and Agencies.
- F. Repairs.
1. Routine Repairs. For routine or emergency repairs, Agent will establish (subject to any limitations imposed by the Owner) designated contractors, e.g., plumbers, electricians and other vendors and contractors, as may be required. In addition, Agent will similarly establish a list of approved vendors for office supplies and repair materials. The Project will use a Purchase Order System for supplies and services. Invoices will be sent directly to Agent; reviewed by the accounting department, and will be paid from the General Operating Account subject to the approval of the Project's Regional Manager, Director of Property Management, or an Officer of Agent. If outside contract services or repairs are required in excess of amount authorized by Owner in the Management Agreement, written bids will be obtained in accordance with the Management Agreement.

2. Major Repairs. When possible, major repairs on other items will be budgeted. Where items are not budgeted but deemed essential to the physical and long-term financial viability of the Project, Agent will present proposals for purchase of those items to the Owner and these items will be paid from the Replacement Reserve Account. In the event of emergencies, the Regional Manager will make a reasonable decision to make repairs or provide the services necessary. In the case of such emergencies, the Owner will be notified of the circumstances as soon as possible.
- G. Budget Monitoring. The Regional Manager, Property Manager and Owner will monitor the Project's budget on a monthly basis to determine that any outstanding loan requirements of the Lenders are met.
- H. Compliance with Regulatory or Lender's Requirements.
1. The Property Manager, under the direction of the Regional Manager, will ensure that applicable residents (if any) meet income eligibility requirements for purposes of meeting the Regulatory Agreement or Lenders' requirements. Agent's Accounting Manager and Regional Manager will be responsible for ensuring the coordination of all financial reporting and accounting requirements of the Project.
 2. Agent will comply with all reporting requirements of the Regulatory Agreements. The Agent will assist the Auditors in the preparation of the annual audited financial statements. The Auditor will be required to make his/her arrangements for schedules and reconciliations at the expense of the Project. The Owner will select the Auditors. The Agent will also provide the certifications and other information required in connection with the payment of capital contributions.
- I. Budgets. Agent will comply with all reporting requirements for the Owner and Lenders. Agent will prepare a recommended operating budget for each fiscal year that begins during the term of the Management Contract and will submit budgets to the Owner at least 60 days before the beginning of each fiscal year. The Owner will promptly inform the Regional Manager of changes incorporated in the approved budget and the Regional Manager will incorporate such changes and forward the final Owner-approved budget to the Owner.
- J. Audits. With respect to each fiscal year, Agent will assist the Owner's accountants in their preparation of the annual audited financial report (if required), which will be prepared by a Certified Public Accountant. This report will be based upon the preparer's examination of books and records at Agent office and at the Project. The report will be prepared in accordance with the directives of the Owner. Certified copies of the report will be delivered to the Owner, Lenders and other addressees as directed by the Owner and by the preparer within 60 days of the end of the fiscal year. Compensation for the preparer's services will be paid out of the General Operating Account as an expense to the Project.
- K. Periodic Reports. Periodic reports will be provided as directed by the Owner and Lenders. Vacancy and rent losses will be recorded monthly in the rent rolls as well as the monthly financial report. The Owner will be notified of all vacancies by the 10th of the month. Any amounts recovered will also be credited on the monthly rent rolls and the monthly financial statements.
- L. Security Deposit Account. The Security Deposit Account may be a separate interest bearing account (at the Owner's direction), which is FDIC insured. The interest on the security deposits will be distributed according to the Owner's directives and applicable law, if any. At the time a resident vacates the unit, a move-out inspection will be conducted with the resident, where possible. All items needing cleaning or repair plus the

charges or estimated charges for each will be determined at the time of inspection. Both the Property Manager and the vacating resident will sign the inspection form. The final closing statement and refund of security deposit, less any charges for rent, fees, damage, etc. (excluding normal wear and tear) will be prepared for each vacating resident itemizing any charges to be made against the security deposit and forwarded to each vacating resident within 21 days of their vacating.

IV. PROVISIONS FOR PERIODIC UPDATE OF MANAGEMENT PLAN

As the needs of the Project, Owner, Lenders or other conditions dictate, this Plan may be modified in whole or in part. Agent will review the Plan annually and will make recommendations to the Owner concerning any needed changes. Any such change, once approved by the Owner, will be forwarded to the Lenders.

V. INSURANCE

The Owner will inform the Agent of insurance to be carried with respect to the Project and its operations, and the Agent will cause such insurance to be placed and kept in effect at all times. The Agent may periodically obtain three (3) bids from brokers for the Project's insurance. The Owner will approve the insurance coverage. The Agent will pay premiums out of the General Operating Account (or mortgagee impound), and premiums will be treated as Project expenses. All insurance will be placed with such companies, on such conditions, in such amounts, and with such beneficial interest appearing thereon as shall be acceptable to the Owner and approved by Lenders. Such insurance will include public liability coverage, with the Agent designated as an insured party, in amounts acceptable to the Agent and the Owner. The Agent will investigate and furnish the Owner with full reports of all accidents, claims, and potential claims for damage relating to the Project and will cooperate with the Owner and Lenders' insurers in connection therewith.

VI. PLANS AND PROCEDURES FOR PUBLICIZING AND ACHIEVING EARLY AND CONTINUED OCCUPANCY

- A. Initial Marketing. Agent shall be responsible for all marketing efforts before and during initial occupancy in accordance with the Resident Selection Criteria/Tenant Selection Plan, Marketing Contract (if applicable), Marketing Plan and marketing budget. Such activities will commence at time acceptable to Owner and Agent. In consultation with the Owner, the Agent may amend criteria and procedures for the selection of residents. These criteria will conform to requirements set forth by the Lenders (if applicable). Residents will be selected according to all Federal, State and Local laws prohibiting discrimination in housing on the basis of race, color, creed, ancestry, age, religion, national origin, sex, sexual orientation, marital status, pregnancy, children, disability, handicap, Acquired Immune Deficiency Syndrome (AIDS), AIDS-Related Conditions (ARC), receipt of or eligibility for housing assistance under any government housing assistance program, or other arbitrary factors.
- B. Equal Access in Marketing. Consistent with the resident population the Project was designed to serve, the marketing of the Project will ensure equal access to units for all persons in any category protected by Federal, State, and local laws governing discrimination.
- C. Advertising and Media Contacts. Marketing may include the use of newspapers, periodicals and internet websites of general circulation in the local area. With the approval of the Owner and Lenders, the Management Agent will develop Leases or Rental Agreements, House Rules, application forms and such documentation as may be necessary to facilitate the selection and admission of residents into the Project according

to the Marketing Plan and in accordance with applicable regulatory requirements. The Management Agent will place notices in newspapers and specialized publications and newsletters to reach potential residents. With the Owner's approval, the Management Agent will be responsible for the design and printing of brochures, fliers, and other materials to be used to make potential residents in the area aware of vacancies at the Project. Applications, notices and all publications will include a Fair Housing and Equal Opportunity logo, and the Handicapped Accessibility logo (when applicable).

- D. Marketing to the Local Community. In addition to general outreach activities, the Management Agent will contact local civic and community organizations in the area in order to disseminate information about the Project.
- E. Role of the Property Manager in Marketing. The Property Manager will be hired and will serve as coordinator for the marketing of the Project as well as oversee the selection and admission of residents. The Property Manager will keep the Owner apprised of the occupancy process through monthly marketing reports which will include the number of applicants to the Project, unit preference, number of actual occupants, ineligible applicants, cancellations and any other statistical data requested by the Owner.
- F. Notifying Applicants of their Status. Applicants will be notified of their eligibility and advised of their status. Ineligible applicants will be allowed to question this determination.
- G. Initial Waiting List. The Project's initial waiting list will be determined by date and time of application. Those households selected from the waiting list will undergo a comprehensive screening procedure to reflect the Owner's Resident Selection Criteria/Tenant Selection Plan. Factors to be considered in the screening are housekeeping habits, history as tenant, rent paying history, credit records and criminal records.
- H. Preparation of Rental Documents. Agent will prepare and use Lease or Rental Agreement, House Rules, parking permits, and other documents relating to residency that have the prior approval of the Owner.
- I. Notifying Approved Applicants. Each approved applicant will be informed when the unit will be available for occupancy. Application procedures will have been completed for the household and, provided it is still eligible, the household will be shown the unit. If the applicant declines the unit, it will be shown to the next appropriate candidate on the waiting list. The name of the applicant declining the unit offered will be placed at the bottom of the waiting list. If a second offer is declined, the applicant's name will be removed from the list.
- J. Selection Criteria. Selection will be based on information included in the application, credit check, criminal background check, landlord references, income/asset verifications and/or as required by Regulatory Agreements or programs. The Project's Property Manager is not allowed to discriminate or give preferential treatment to any applicant or resident.
- K. Pre-Occupancy Orientation Session. A pre-occupancy meeting will be conducted with newly approved applicants to review documents including Lease, House Rules and other pertinent regulations. In addition, the Property Manager will review with applicants maintenance policies, child supervision, recreational policies and grievance and appeal procedures. All members of the household will be urged to be present at this interview (all adults are required).

VII. PROCEDURES FOR DETERMINING RESIDENT ELIGIBILITY AND FOR CERTIFYING AND ANNUALLY RECERTIFYING INCOME (where applicable)

- A. Resident Selection. The Property Manager will be charged with the responsibility for selecting residents. The Agent will be responsible for ensuring that the Property Manager is properly trained in resident eligibility requirements. In compliance with the Regulatory Agreements, only income eligible households will be selected to occupy units restricted by such Restrictions at the Project. Residents will be recertified annually, where household income will be verified to determine continued eligibility according to the Project's Regulatory Agreements (when applicable). Any applicable income limits or restrictions will be made available to the public upon request and/or in accordance with any and all regulatory guidelines. Applications and other records pertinent to a resident's continued eligibility will be kept on file in accordance with any and all Regulatory guidelines.
- B. Initial Income Eligibility. The Property Manager will be responsible for determining income eligibility of each applicable household in the Project via third-party verification of all income and assets as programmatically required. Households whose gross annual income exceeds programmatically required income limits will be considered "over-income" and will not be considered income eligible for units subject to any regulatory restrictions and/or guidelines.
- C. Recertification. The Property Manager will maintain a "tickler file" for any applicable annual recertifications to ensure that processing is completed in a timely manner. If, upon recertification, the resident's household income exceeds the project's applicable income limits as programmatically determined, rent will be adjusted accordingly and a lease addendum executed. All income regulations including over-income guidelines are included in the lease for recertification purposes.
- D. Occupancy Guidelines. The Project has adopted standards for the number of persons initially permitted to occupy units. These standards conform to Lender's, Owner's and/or regulatory guidelines. These standards shall be used at initial occupancy. Following are the unit size assignment standards subject to the clarifications and considerations indicated below:

Unit Size	Minimum # of Persons	Maximum # of Persons
Studio	1	1
1-Bedroom	1	3
2-Bedroom	2	5
3-Bedroom	3	7
4-Bedroom	4	9
5--Bedroom	5	11

If and when the household is "over-housed" (under-occupied), i.e., too few people for the unit, the household will be required to move to the next-available appropriate sized unit. If the household is "under-housed" (over-crowded), the household will be required to move to the next available appropriate-sized unit. In extreme circumstances (instance.g. 1 person in a 3-bedroom unit with no 1 or 2-bedroom units in the project; or 9 people in a 2-bedroom unit with no 3-bedroom units in the project), the household may be required to vacate the Project. Management will work with the residents in these cases to help them find appropriate housing, or as required by the City of San Francisco.

- E. Pet Policy. Pets shall not be allowed on the premises, except as approved by the Owner. A certified service animal is not considered a "pet" and the resident requiring such animal

shall be required to execute a service animal agreement describing responsibilities of the resident.

- F. Live-In Attendant. In the event that a resident requires the services of a live-in attendant, the above occupancy standards shall still apply. Prior to the attendant moving in the resident's physician shall document the need for a live-in attendant. Any income received by the attendant shall not be considered in evaluating the rent to be charged to the household. The attendant shall not be considered a resident of the Project. Said attendant shall be considered a guest of the resident household, and the head of household shall be required to ensure that the attendant abides by all terms and conditions of the Lease or Rental Agreement. The live-in attendant must sign the House Rules and execute a Live-in-Attendant agreement.
- G. Orientation Session. The Property Manager will organize and conduct orientation sessions for new residents at time of move-in. Residents will be briefed on the Lease or Rental Agreement, the House Rules and all other documents associated with residency of the Project, including the responsibilities of residents in the administration of the Project.

VIII. RENT COLLECTION POLICIES AND PROCEDURES

- A. Collection of Rent and Other Charges. The Property Manager will collect rent from residents in the Project. [Rent payments will be given or mailed to the office on-site and a receipt given.] After hours, it will be possible for a resident to drop payment into the Project's mail slot or box. No cash will be accepted. Rent and other charges may be paid by check, money orders, cashiers check, or online payment only.
- B. Pre-payment of Rent. Pre-payments for rent are encouraged and partial payments discouraged. Partial payments will be accepted only in the case of hardship where prior arrangements have been made with the Property Manager and approved by the Regional Manager.
- C. Late Fees. If rent is not received by the end of the fifth day of the month or other date as may be required by Owner or other regulatory agency and as stated in the lease, a late charge will be assessed. The amount of the late charge will be in accordance with the lease.
- D. Non-Payment. Any resident not paying rent by the requisite date will be contacted. Unless prior arrangements have been made, a Notice to Pay or Quit will be issued. In extreme cases, a resident may make an agreement with the Property Manager to pay back rent by paying the equivalent of one month's rent plus a payment on the outstanding amount each month by a given date. If the workout arrangement is not complied with, eviction procedures will begin immediately. No evictions for non-payment of rent will be initiated if resident pays all rent and other charges due.
- E. Non-payment of Rent and Evictions. Before evicting a resident for reasons other than non-payment, the Property Manager will meet with the resident to discuss the problem and prepare written documentation. The resident will be given an opportunity to correct the problem. If the problem persists, unlawful detainer action will proceed.
- F. Records, Accounts and Deposits. A computer rent collection and accounting system may be maintained in the Project office for recording of rent payments. All expenses required to establish and maintain the accounting system and other computer software licenses are Project expenses. Timely bank deposits will be made into the Project's General Operating Account.

- G. Negative Cash Flow. When cash flow indicates that project income will not cover project expenses, the Agent will contact the Owner immediately and submit recommendations to the Owner to resolve the problem. This may include increasing the residents' rental charges in accordance with the approved operating budget, the Regulatory Agreements and the lease. Residents will be given at least thirty days notice prior to any change in the rent charges at the Project or as otherwise required by regulatory agencies and/or local ordinances.
- H. Security Deposits. Each resident shall pay in advance of occupying a unit a security deposit in an amount approved by the Owner within regulatory and statutory guidelines. The Property Manager may apply the deposit after the resident vacates the unit to recover any loss or repair any damage caused by the resident or their guests to the premises or the Project other than normal wear and tear. The deposit may also be applied to the payment of rent charges due and owing from the resident. Within twenty-one (21) days of the resident vacating the unit, the security deposit will be repaid to the resident (less any amounts deducted in accordance with California Civil Code 1950.5) by regular mail to their forwarding address or such other address as may be designated. At that time, an itemized list will be provided to the resident describing the reason and cost for any deductions from the deposit.
- I. Damage to the Unit. If the resident's security deposit is not sufficient to cover the cost of damage to the unit, the Agent will contact the vacating resident to demand full payment of the excess costs. The Agent may offer a payment plan acceptable to both parties if the circumstances warrant such action. If the demand is not met or if payment arrangement is not executed, the Agent shall pursue collections, which may include reporting resident history to credit bureaus and national tenant networks as well as court remedies, collection agencies and legal action as feasible.
- J. Reserve Replacement: The agent shall maintain a reserve replacement account as defined in sublease, development, and marketing property management agreement, section 11.3. Repairs of reserve replacement items shall be done according to Exhibit F - Capital Budget.

IX. PLAN FOR RESIDENT/MANAGEMENT RELATIONS

- A. House Rules. House Rules are an attachment to the Lease or Rental Agreement, wherein the rights and responsibilities of residency are described.
- B. Informational pages and brochures. Information pages and brochures about local services and amenities will be distributed to the residents.
- C. Fire/Life Safety. At the time of move-in, residents of the Project will be shown the fire/life safety devices built into the Project. The resident will be reminded of the use of the 3-1-1 and 9-1-1 emergency services. The Project and Agent shall each maintain a 24-hour "live" answering service for urgent calls from residents. Appropriate emergency evacuation procedure signs will be posted at different locations in the building (when applicable). Residents will be shown the location of the emergency evacuation signs.
- D. Pre-Occupancy Conference. A pre-occupancy conference will be held with all residents to review documents including the Lease or Rental Agreement, House Rules, and other residency documents. In addition, the Property Manager will review maintenance policies, child supervision and recreational policies, etc. All members of the household will strongly be urged to be present at this interview; all adult members of the household must be present.

- E. Grievance Procedure. Should a resident have a complaint of any nature concerning her/his dwelling unit, other resident or other housing related issue, the resident's grievance should be handled first by the Property Manager. If this is unsatisfactory to the resident, the Regional Manager will then become involved in handling the problem. If this handling is not satisfactory to the resident, the Director of Property Management of the Agent will become involved in handling the problem. As a last resort, an Officer in the Agent's local office may get involved (if warranted).

X. MAINTENANCE

- A. Inventory of Project Equipment. When the Agent assumes management of the Project, an inventory will be taken of all Project equipment. A record of this equipment, including serial numbers, will be kept in the Project office. A preventative maintenance program will include proper servicing and maintenance of the Project and its equipment.
- B. Unit Inspections. At initial move-in, a move-in inspection will be conducted by both the Property Manager and the new resident to note the condition of the unit. Annually, an inspection will be done in each unit and the condition compared to the condition of the unit at the time of the resident's original move-in inspection. This annual inspection will also include review of any maintenance problems plus general housekeeping conditions and any changes in Lease or Rental Agreement, House Rules and Regulations, etc. When the resident vacates, a move-out inspection will be completed with the resident present, if possible, which will be compared with the move-in inspection. The resident will be charged for required repairs, which do not fall under normal wear and tear.
- C. Work Orders and Repairs. Residents will be advised to report to the Project office any items requiring repair. A work order will be written and assigned to the site personnel. It is Agent's goal to complete work orders within forty-eight hours, when possible. Upon completion of a work order, the Property Manager will sign off on the work and copies of the work order will be filed by the month and by the unit.
- D. Additional Work Order Procedures. Work orders will be written for all maintenance items including vacant units. The Maintenance Personnel, or vendor, will use a checklist to ensure that units are properly painted, cleaned and repaired prior to move-ins. The Property Manager will inspect the work to be sure the Maintenance Personnel or vendor has completed it properly. If a resident has damaged his/her unit beyond normal wear and tear, he/she will be charged for the cost of repair/replacement and labor according to the current "Maintenance charge sheet".
- E. Garbage, Trash and Recycling. Garbage and trash removal will be handled through a contractor. The quantity, size of containers and frequency of pickup will be based on the number of residents and location and size of dumpsters used within the Project. The Project will comply with any recycling and/or composting programs as required by regulatory and statutory guidelines.
- F. Common Areas. All common areas will be picked up daily. These areas will be cleaned, vacuumed, hosed down, etc. on a scheduled basis.
- G. Metering. Sub-metered utilities will be read and invoiced by vendors.
- H. Major Repairs and Capital Improvements. When possible, major repairs (including capital improvements) will be budgeted items. It is anticipated that the Maintenance Personnel or vendor will resolve most routine repairs. If outside contractors are required, bids will be solicited from contractors and a minimum of three bids as outlined in the

Management Agreement. Work anticipated to cost over \$20,000 may be referred to the Owner or Agent's Construction Manager for design specifications or referring to a technical contractor for design specifications.

- I. Preventative Maintenance Inspections. Inspections will be made on the exteriors and common areas for security and preventative maintenance purposes. In general, the Project components will be inspected as follows:
 1. On-site physical inspections conducted three times a week by the Property Manager. This would be augmented as needed through inspections by the Regional Manager;
 2. Mechanical equipment inspection semi-annually or as needed;
 3. Walk-through with contract services quarterly and as needed;
 4. Roof inspections in the fall of each year and as needed;
 5. Internal components inspected by Property Manager or Regional Manager semi-annually or as needed;
 6. Exterior components such as lighting, building siding, asphalt, sidewalks, roof, etc. are inspected routinely (daily, weekly or monthly) as applicable by the Property Manager and Maintenance staff or vendor and periodically by the Regional Manager typically in the spring and fall;
 7. Lighting and security inspections are conducted routinely by on-site personnel and off-site personnel (as indicated in 6 above);
 8. The local government may be present or initiate semi-annual site inspections.

XI. EMERGENCIES

- A. Agency Coordination. Work and coordinate with City of San Francisco and TIDA on ongoing emergency response planning and support of emergency response operations, particularly those resulting in resident displacement, sheltering, and/or evacuation.
- B. Emergency Alarm Systems. All residents, at time of occupancy, will be trained in the use of the emergency alarm system. The residents will also be informed that the alarm system will not necessarily be monitored 24 hours a day. Residents will be informed that when an alarm sounds and no staff member responds, they are to call the appropriate party i.e., Fire Department, Police, or the answering service.
- C. Notification to Next-Of-Kin. Should an emergency arise with a resident, the person who is listed as "next-of-kin" on the resident's application will be notified. In the event of a resident's death, every effort will be made to have the resident's next-of-kin take immediate possession of the contents of the apartment or to take an immediate inventory with the Coroner's Office.
- D. Safety Training Program. Staff training will be ongoing in areas of building security and emergency preparedness, medical emergencies, C.P.R., proper use of life safety equipment, proper use of hazardous chemicals, maintenance equipment, etc.
- E. Safety and Security Plan: The Agent will work with the Owner in the preparation and implementation of a comprehensive Safety and Security Plan. Any Emergency Response Plan (ERP) implemented at the Project will be developed by the Agent.

F. Fire/Life Safety System. The Agent will assure compliance with all local and state requirements regarding the servicing inspections and certification of the entire fire/life safety system.

XII. CONFLICTS

In the event of any conflicts between the provisions of this Management Plan and the Management Agreement, the provisions of the Management Agreement shall prevail.

Initials: Owner: _____ Date: _____ Agent: _____ Date: _____

SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

EXHIBIT K

APPROVED HAZARDOUS MATERIALS

EXHIBIT K

APPROVED HAZARDOUS MATERIALS

TREASURE ISLAND HOUSING

Prepared by The John Stewart Company

June 3, 2014

Partial list of materials typically used for maintenance operations and general household use that are, or may be considered hazardous:

Cleaning Products

Ajax, Comet cleanser

Chlorine bleach

Lysol, Pinesol

Window cleaner

Ammonia

Scrubbing Bubbles cleanser

Oven cleaner

Liquid Plumber, Draino, and like drain openers

Floor wax and polish

Furniture and floor polish

Wax stripper

Disinfectants

Carpet Spotter

Carpet and upholstery cleaners

Tile cleaner

TSP

Paint and Paint Related Products

Paints, stains and other paint coatings

Enamels

Varnishes and shellacs

Polyurethanes

Penetrating wood finishes and sealers

Wood preservatives

Solvents

Acetone

Mineral spirits, paint thinner, lacquer thinner, turpentine
Paint removers & strippers, Goo Gone
Rust and stain removers
Phosphoric acid
Linseed oil
Glazing compound
Wallpaper adhesive
Fiberglass patch

Workshop Products

Floor tile adhesive
Glues, epoxies and adhesives
Spray adhesive
WD-40
Kerosene
Propane fuel
Three-in-one oil
Lubricants and grease
Spray lubricants
Caulking
Freon reclamation (refrigerators)

Auto and Machine Related Products

Gasoline
Motor oil
Anti-freeze
Car batteries

Roofing and Paving Products

Plastic roof cement and other roof patching material
Asphalt repair and cleaning materials
De-greasers

Vector Control

Pesticides, insecticides, ant and roach killers
Rat poisons

Grounds & Landscape

Weed killers
Chemical fertilizers
Garden fungicides
Slug and snail control

Office Supplies

Copy machine toner
Laser printer chemicals
Office equipment lubricants
Marking pens
E-Z seal
Windex
Lysol wipes

Miscellaneous

Art supplies (oil-based paints, lead cadmium, rubber cement, adhesives)
Photographic chemicals
Pet care products
Moth balls
Silver polish
Shoe polish
Aerosol sprays
Air fresheners

Assembly Bill No. 699

CHAPTER 898

An act to amend Section 33492.5 of the Health and Safety Code, and to add Section 2.1 to Chapter 1333 of the Statutes of 1968, relating to redevelopment.

[Approved by Governor October 12, 1997. Filed
with Secretary of State October 12, 1997.]

LEGISLATIVE COUNSEL'S DIGEST

AB 699, Migden. Redevelopment: Treasure Island Conversion Act of 1997.

Existing law, known as the Community Redevelopment Law, authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight, as defined, in those communities. Under existing law, in any community in which a military base is located and the federal Base Closure Commission has voted to close that military base, and the action of the commission has been sustained by the President and Congress of the United States, a project area may be adopted by a city or county pursuant to the Community Redevelopment Law if the project area is located entirely within the boundaries of a city, or entirely within the unincorporated area of a county, respectively.

This bill would state that these provisions also would be applicable to a local government that is a city and county where the military base, closed pursuant to those provisions, is located entirely within the boundaries of a city and county.

This bill also would establish the Treasure Island Conversion Act of 1997, which would authorize the City and County of San Francisco by resolution, to designate the Treasure Island Development Authority and any successor entity thereof as the redevelopment agency with all of the rights, powers, privileges, immunities, authorities, and duties granted to a redevelopment agency pursuant to the Community Redevelopment Law for the purpose of acquiring, using, operating, maintaining, converting, and redeveloping Naval Station Treasure Island, as described, and to be considered a redevelopment agency for all purposes under state law.

The bill would grant the Treasure Island Development Authority the complete power, among other things, to administer and control the trust property, as defined, in conformance with the public trust for commerce, navigation, and fisheries over all affected former and existing tide and submerged lands, subject to specified restrictions and subject to specified duties and responsibilities of the State Lands Commission in connection therewith. The bill additionally would

state the intent of the Legislature that, among other things, its provisions provide a means for mitigating the serious economic effects of the closure of the Naval Station Treasure Island on the City and County of San Francisco, its surrounding communities, and the State of California by vesting a single entity with redevelopment authority over that property and, with respect to that portion of the affected property subject to the public trust for commerce, navigation, and fisheries, the power to administer the trust as specified in its provisions.

The California Constitution provides that a local or special statute is invalid in any case if a general statute can be made applicable.

This bill would declare that, due to the unique circumstances within the City and County of San Francisco relating to the closure of Naval Station Treasure Island, that the bill is intended to remedy, a general statute within the meaning of specified provisions of the California Constitution cannot be made applicable and a special statute is necessary.

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the Treasure Island Conversion Act of 1997.

SEC. 2. Section 33492.5 of the Health and Safety Code is amended to read:

33492.5. (a) In any community in which a military base is located, the Base Closure Commission has voted to close that military base, and the action of the Base Closure Commission has been sustained by the President and Congress of the United States, a project area may be adopted pursuant to the following requirements:

(1) If the project area is located entirely within the boundaries of a city, or city and county, then the redevelopment agency of the city, or city and county, may adopt the redevelopment project area pursuant to this part as modified by this chapter.

(2) If the project area is located entirely within the unincorporated area of a single county, then the county redevelopment agency may adopt the redevelopment project area pursuant to this part as modified by this chapter.

(3) If the project area includes property within the jurisdictions of two or more cities, or two or more counties, or a city and a county, or any combination of the foregoing, then all of the cities and counties the jurisdictions of which include property within the boundaries of the military base and any other territory to be included within the redevelopment project area may enter into a joint powers agreement, an agreement entered into pursuant to Section 33210, or other appropriate agreement for the purpose of creating a redevelopment agency and adopting a project area pursuant to this part as modified by this chapter.

(b) A redevelopment agency to which this chapter is applicable may adopt a project area either pursuant to this chapter or pursuant to other relevant provisions of this part.

SEC. 3. (a) The Legislature finds and declares all of the following:

(b) It is the intent of the Legislature with the enactment of this act to provide a means for mitigating the serious economic effects of the closure of Naval Station Treasure Island on the City and County of San Francisco, its surrounding communities, and the State of California by vesting a single entity with redevelopment authority over the property and, with respect to that portion of the property subject to the public trust for navigation, commerce, and fisheries, the power to administer the trust.

(1) That property known as Naval Station Treasure Island, which includes Treasure Island and Yerba Buena Island, was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510 and its subsequent amendments, and is scheduled for operational closure on October 1, 1997. The conversion of Naval Station Treasure Island to productive civilian reuse presents unique redevelopment issues which would be best addressed by an agency created specifically for that purpose.

(2) All former and existing tide and submerged lands on the Naval Station, including all of Treasure Island and portions of Yerba Buena Island, will be subject to the public trust for navigation, commerce, and fisheries upon their release from federal ownership. In the absence of legislative action, this property would automatically be brought under the jurisdiction of the Port of San Francisco pursuant to, and subject to the terms and requirements of, the Burton Act (Chapter 1333 of the Statutes of 1968).

(3) Certain buildings and other structures constructed on Treasure Island during the period of federal ownership were built for nontrust purposes and are not adaptable for trust related uses. These buildings and structures are in various stages of their useful lives, some having been constructed only a few years prior to the scheduled closure. The conversion of the lands underlying these buildings and structures to trust uses in the future should proceed in a manner that will enable the people of this state to benefit from the substantial investments made in these structures without hindering the overall goal of preserving the public trust.

(4) Treasure Island also contains hangars that were built for maritime aviation purposes. These structures may be utilized for trust uses in the future, but no trust related use has been identified for them in the near term.

(5) The creation of a single public agency that is vested with both redevelopment authority and the power to administer the trust will facilitate the conversion of Naval Station Treasure Island to

productive civilian reuse and is in the best interests of the people of this state.

SEC. 4. For the purposes of this act:

(a) "Property" means that property commonly known as Naval Station Treasure Island, which includes Treasure Island and Yerba Buena Island, and is more particularly described as follows:

All of the land acquired from the City and County of San Francisco as described in the Judgement of the Declaration of Taking for Civil Action 22164-W filed in the District Court of the United States in and for the Northern District of California, Southern Division on April 17, 1942, and being more particularly described as follows:

Beginning at a monument established near the westerly end of Yerba Buena Island by the United States Coast and Geodetic Survey about 75 feet above high tide, known and designated by said survey as Station Goat, located at latitude $37^{\circ} 48' 40.387''$ North, longitude $122^{\circ} 22' 17.657''$ West (values as determined by the United States Coast and Geodetic Survey as of the year 1930) and running thence $N 28^{\circ} W$ a distance of 8,000 feet, thence $N 62^{\circ} E$ a distance of 4,500 feet, thence $S 28^{\circ} E$ a distance of 8,000 feet, thence $S 62^{\circ} W$ a distance of 4,500 feet to the point of beginning; all bearings being referred to the true meridian through said Station Goat, excepting from said grant that portion of the lands above particularly described, lying northerly of Yerba Buena Island and adjacent thereto, extending from high water mark to 900 feet beyond low water mark, the latter portion so excepted being a part of the lands granted and ceded by the State of California to the United States of America by that certain Act of the Legislature of the State of California entitled "An Act relinquishing to the United States of America the title of this State to certain land", approved March 9, 1897.

ALONG WITH

All of the tide and submerged land situated at Naval Station Treasure Island acquired from the State of California by the United States of America by the Act of Legislature of the State of California on March 9, 1897.

EXCEPTING therefrom that portion of those lands granted by this act lying southeasterly of a line shown on the Department of the Navy, Naval Facilities Engineering Command Real Estate Summary Map having NAVFAC DWG NOs. 1296802 and 1296803, and being the boundary between the Naval Station Treasure Island and the Lands Owned by the United States Coast Guard, said line more particularly described as follows:

Commencing at a point that bears $S 20^{\circ} 02' W$ 951 feet from a granite monument shown on the above described map as point number 102, thence $S 03^{\circ} 50' W$ 910 feet more or less to a point 300 yards beyond the low-water mark and being the waterward limits of the tide and submerged land acquired by the United States of America at Naval Station Treasure Island by the Act of the

Legislature of the State of California on March 9, 1897, said point being the TRUE POINT OF BEGINNING of the herein described line; thence along said line the following courses: $N 03^{\circ} 50' E$ 910 feet more or less to a point that bears $S 20^{\circ} 02' W$ 951 feet from a monument shown on the above map as Granite point number 102; thence $N 39^{\circ} 54' E$ 562.54 feet; thence $S 80^{\circ} 35' 16'' E$ 450.04 feet; thence $N 82^{\circ} 04' 07'' E$ 81.46 feet to a curve to the left having a radius of 276.66 feet, through a central angle of $61^{\circ} 05' 20''$, along an arc a distance of 294.98 feet; thence $N 6^{\circ} 49' 07'' W$ 101.83 feet; thence $N 02^{\circ} 14' 18'' E$ 21 feet; thence $N 0^{\circ} 37' 33'' E$ 24.72 feet; thence $N 02^{\circ} 42' 24'' W$ 113.30 feet; thence $N 89^{\circ} 02' E$ 179.26 feet; thence along a curve to the left whose radius bears $S 71^{\circ} 57' W$ 150 feet, through a central angle of $26^{\circ} 24'$, along an arc a distance of 234.99 feet; thence along a curve to the left whose radius bears $S 45^{\circ} 33' W$ 43 feet, through a central angle of $67^{\circ} 33'$, along an arc a distance of 50.70 feet; thence along a curve to the left having a radius of 91 feet, through a central angle of $83^{\circ} 09'$, and having a chord that bears $N 26^{\circ} 25' 30'' E$ 120.78 feet; thence $N 43^{\circ} 15' 40'' E$ 125.84 feet; thence along a curve to the right having a radius which bears $N 51^{\circ} 39' E$ 200 feet, through a central angle of $69^{\circ} 45'$, along an arc a distance of 243.47 feet; thence $N 51^{\circ} 29' E$ 130 feet; thence $S 80^{\circ} 27' 26'' E$ 156.06 feet; thence $N 53^{\circ} 13' 15'' E$ 274.53 feet; thence $S 02^{\circ} 49' 34'' W$ 574.47 feet; thence $S 15^{\circ} 38' 44'' E$ 241.28 feet; thence $S 84^{\circ} 12' W$ 25 feet; thence $S 05^{\circ} 48'' E$ 40.4 feet; thence $N 85^{\circ} 00' E$ 900 feet more or less to a point three hundred yards beyond the low water mark of San Francisco Bay being the waterward limit of the tide and submerged land acquired by the United States of America at Naval Station Treasure Island by the Act of Legislature of the State of California on March 9, 1897.

ALONG WITH

Those lands described in the Executive Order dated November 6, 1850, for Yerba Buena Island (Goat Island) situated upland from the Ordinary High Water Mark of San Francisco Bay;

EXCEPTING THEREFROM that portion of Yerba Buena Island lying southeasterly of a line shown on the Department of the Navy, Naval Facilities Engineering Command Real Estate Summary Map having NAVFAC DWG NO. 1296803 and being the boundary between the Naval Station Treasure Island and the Lands Owned by the United States Coast Guard and more particularly described as follows: Commencing at a point that bears $S 89^{\circ} 02' W$ 403.34 feet and $S 39^{\circ} 53' 48'' W$ 340 feet from a granite monument shown on the above map as Granite point number 102, thence $S 39^{\circ} 54' W$ 562.5 feet more or less to the intersection with the ORDINARY HIGH WATER MARK of San Francisco Bay, said point being the TRUE POINT OF BEGINNING of the herein described line; thence along said line the following courses: $N 39^{\circ} 54' E$ 562.54 feet more or less to a point that bears $N 89^{\circ} 02' E$ 403.34 feet and $S 39^{\circ} 53' 48'' W$ 340 feet from a monument shown on the above map as Granite point number 102;

thence S 80° 35' 16" E 450.04 feet; thence N 82° 04' 07" E 81.46 feet to a curve to the left having a radius of 276.66 feet, through a central angle of 61° 05' 20", along an arc a distance of 294.98 feet; thence N 6° 49' 07" E 101.83 feet; thence N 02° 14' 18" E 21 feet; thence N 0° 37' 33" E 24.72 feet; thence N 02° 42' 24" W 113.30 feet; thence N 89° 02' E 179.26 feet; thence along a curve to the left whose radius bears S 71° 57' W 150 feet, through a central angle of 26° 24', along an arc a distance of 234.99 feet; thence along a compound curve whose radius bears S 45° 33' W 43', through a central angle of 67° 33', along an arc a distance of 50.70 feet; thence along a curve to the left having a radius of 91 feet, through a central angle of 83° 09', and having a chord that bears N 26° 25' 30" E 120.78 feet; thence N 43° 15' 40" E 125.84 feet; thence along a curve to the right having a radius which bears N 51° 39' E 200 feet, through a central angle of 69° 45', along an arc a distance of 243.47 feet; thence N 51° 29' E 130 feet; thence S 80° 27' 26" E 156.06 feet; thence N 53° 13' 15" E 274.53 feet more or less to the approximate mean high water line 1965 as shown on the above referenced map and the end of the herein described line.

(b) "Trust Property" means that portion of the property consisting of those existing and former tidelands and submerged lands commonly known as Treasure Island, together with all existing and former tide and submerged lands on Yerba Buena Island, all of which are subject to the public trust for navigation, commerce, and fisheries. The Trust Property is more particularly described as follows:

All of the land acquired from the City and County of San Francisco as described in the Judgement of the Declaration of Taking for Civil Action 22164-W filed in the District Court of the United States in and for the Northern District of California, Southern Division on April 17, 1942, and being more particularly described as follows:

BEGINNING at a monument established near the westerly end of Yerba Buena Island by the United States Coast and Geodetic Survey about 75 feet above high tide, known and designated by said survey as Station Goat, located at latitude 37° 48' 40.387" North, longitude 122° 22' 17.657" West (values as determined by the United States Coast and Geodetic Survey as of the year 1930) and running thence N 28° W a distance of 8,000 feet, thence N 62° E a distance of 4,500 feet, thence S 28° E a distance of 8,000 feet, thence S 62° W a distance of 4,500 feet to the point of beginning; all bearings being referred to the true meridian through said Station Goat, excepting from said grant that portion of the lands above particularly described, lying northerly of Yerba Buena Island and adjacent thereto, extending from high water mark to 900 feet beyond low water mark, the latter portion so excepted being a part of the lands granted and ceded by the State of California to the United States of America by that certain Act of the Legislature of the State of California entitled "An Act

relinquishing to the United States of America the title of this State to certain land", approved March 9, 1897.

ALONG WITH

All of the tide and submerged land situated at Naval Station Treasure Island acquired from the State of California by the United States of America by the Act of Legislature of the State of California on March 9, 1897.

EXCEPTING therefrom that portion of those lands granted by the act lying southeasterly of a line shown on the Department of the Navy, Naval Facilities Engineering Command Real Estate Summary Map having NAVFAC DWG NOS. 1296802 and 1296803, and being the boundary between the Naval Station Treasure Island and the Lands Owned by the United States Coast Guard, said line more particularly described as follows:

Commencing at a point that bears S 20° 02' W 951 feet from a granite monument shown on the above described map as Granite point number 102, thence S 03° 50' W 910 feet more or less to a point 300 yards beyond the low-water mark and being the waterward limit of the tide and submerged land acquired by the United States of America at Naval Station Treasure Island by the Act of the Legislature of the State of California on March 9, 1897, said point being the TRUE POINT OF BEGINNING of the herein described line; thence along said line the following courses: N 03° 50' E 910 feet more or less to a point that bears S 20° 02' W 951 feet from a monument shown on the above map as Granite point number 102; thence N 39° 54' E 562.54 feet; thence S 80° 35' 16" E 450.04 feet; thence N 82° 04' 07" E 81.46 feet to a curve to the left having a radius of 276.66 feet, through a central angle of 61° 05' 20", along an arc a distance of 294.98 feet; thence N 6° 49' 07" W 101.83 feet; thence N 02° 14' 18" E 21 feet; thence N 0° 37' 33" E 24.72 feet; thence N 02° 42' 24" W 113.30 feet; thence N 89° 02' E 179.26 feet; thence along a curve to the left whose radius bears S 71° 57' W 150 feet, through a central angle of 26° 24', along an arc a distance of 234.99 feet; thence along a curve to the left whose radius bears S 45° 33' W 43 feet, through a central angle of 67° 33', along an arc a distance of 50.70 feet; thence along a curve to the left having a radius of 91 feet, through a central angle of 83° 09', and having a chord that bears N 26° 25' 30" E 120.78 feet; thence N 43° 15' 40" E 125.84 feet; thence along a curve to the right having a radius which bears N 51° 39' E 200 feet, through a central angle of 69° 45', along an arc a distance of 243.47 feet; thence N 51° 29' E 130 feet; thence S 80° 27' 26" E 156.06 feet; thence N 53° 13' 15" E 274.53 feet; thence S 02° 49' 34" W 574.47 feet; thence S 15° 38' 44" E 241.28 feet; thence S 84° 12' W 25 feet; thence S 05° 48" E 40.4 feet; thence N 85° 00' E 900 feet more or less to a point three hundred yards beyond the low water mark of San Francisco Bay being the waterward limit of the tide and submerged land acquired by the United States of

America at Naval Station Treasure Island by the Act of Legislature of the State of California on March 9, 1897.

EXCEPTING THEREFROM those lands described in the Executive Order dated November 6, 1850, for Yerba Buena Island (Goat Island) situated upland from the Ordinary High Water Mark of San Francisco Bay.

(c) "Authority" means the Treasure Island Development Authority, a nonprofit public benefit corporation established by the legislative body of the City and County of San Francisco.

(d) The provisions of this act shall not apply to any portion of or interest in the Property, including any portion of or interest in the Trust Property, whether real or personal, that is owned by or under the jurisdiction or control of the California Department of Transportation.

SEC. 5. (a) Notwithstanding Article 2 (commencing with Section 33110) of Chapter 2 of Part 1 of Division 24 of the Health and Safety Code, the legislative body of the City and County of San Francisco may, by resolution, designate the Authority or any successor entity or agency of the Authority as the redevelopment agency with all of the rights, powers, privileges, immunities, authorities, and duties granted to a redevelopment agency pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code, for the purpose of acquiring, using, operating, maintaining, converting, and redeveloping the property. Upon adoption of that resolution, the Authority shall be considered a redevelopment agency for all purposes under state law, including, but not limited to, the purposes of Section 21090 of the Public Resources Code.

(b) Notwithstanding any state or local law, including, without limitation, Section 33111 of the Health and Safety Code, the Board of Directors of the Authority may include individuals who are officers or employees of the City and County of San Francisco or of the San Francisco Redevelopment Agency and those individuals are not precluded, solely by virtue of their status as officers or employees of the City and County of San Francisco or the San Francisco Redevelopment Agency, from participating in decisions as members of the Board of Directors.

(c) Notwithstanding Section 1090 of the Government Code and Section C8.105 of Appendix C of the San Francisco Charter, officers and employees of the City and County of San Francisco or the San Francisco Redevelopment Agency are not precluded, solely by virtue of their services as members of the Board of Directors, from participating in any decisions in their capacities as officers or employees of the City and County of San Francisco or the San Francisco Redevelopment Agency.

(d) Notwithstanding any other provision of law, the Authority's employees are subject to the same civil service provisions as the employees of the City and County of San Francisco.

(e) Notwithstanding any other provision of law, the Authority shall follow the same competitive bidding procedures applicable to redevelopment agencies in California.

(f) Prior to the Board of Supervisor's approval of a redevelopment plan for the property, any contract to which the Authority is a party worth more than one million dollars (\$1,000,000) or with a term of 10 or more years shall require the approval of the Board of Supervisors of the City and County of San Francisco.

SEC. 6. (a) Chapter 1333 of the Statutes of 1968 shall not apply to the property commonly known as Treasure Island, nor to those portions of the property commonly known as Yerba Buena Island consisting of former or existing tide and submerged lands. These properties are more particularly described as follows:

All of the land acquired from the City and County of San Francisco as described in the Judgement of the Declaration of Taking for Civil Action 22164-W filed in the District Court of the United States in and for the Northern District of California, Southern Division on April 17, 1942, and being more particularly described as follows:

BEGINNING at a monument established near the westerly end of Yerba Buena Island by the United States Coast and Geodetic Survey, about 75 feet above high tide, known and designated by said survey as Station Goat, located at latitude 37° 48' 40.387" North, longitude 122° 22' 17.657" West (values as determined by the United States Coast and Geodetic Survey as of the year 1930) and running thence N 28° W a distance of 8,000 feet, thence N 62° E a distance of 4,500 feet, thence S 28° E a distance of 8,000 feet, thence S 62° W a distance of 4,500 feet to the point of beginning; all bearings being referred to the true meridian through said Station Goat, excepting from said grant that portion of the lands above particularly described, lying northerly of Yerba Buena Island and adjacent thereto, extending from high water mark to 900 feet beyond low water mark, the latter portion so excepted being a part of the lands granted and ceded by the State of California to the United States of America by that certain Act of the Legislature of the State of California entitled "An Act relinquishing to the United States of America the title of this State to certain land", approved March 9, 1897.

ALONG WITH

All of the tide and submerged land at Treasure Island Naval Station acquired from the State of California by the United States of America by the Act of Legislature of the State of California on March 9, 1897.

EXCEPTING therefrom that portion of those lands granted by this act lying southeasterly of a line shown on the Department of the Navy, Naval Facilities Engineering Command Real Estate Summary Map Having NAVFAC DWG NOs. 1296802 and 1296803, and being

the boundary between the Treasure Island Naval Station and the Lands Owned by the United States Coast Guard, said line more particularly described as follows:

Commencing at a point that bears S 20° 02' W 951 feet from a granite monument shown on the above described map as point number 102, thence S 03° 50' W 910 feet more or less to a point 300 yards beyond the low-water mark and being the waterward limits of the tide and submerged land acquired by the United States of America by the Act of the Legislature of the State of California on March 9, 1897, said point being the TRUE POINT OF BEGINNING of the herein described line; thence along said line the following courses: N 03° 50' E 910 feet; thence N 39° 54' E 562.54 feet; thence S 80° 35' 16" E 450.04 feet; thence N 82° 04' 07" E 81.46 feet to a curve to the left having a radius of 276.66", through a central angle of 61° 05' 20", along an arc a distance of 294.98 feet; thence N 6° 49' 07" W 101.83 feet; thence N 02° 14' 18" E 21 feet; thence N 0° 37' 33" E 24.72 feet; thence N 02° 42' 24" W 113.30 feet; thence N 89° 02' E 179.26 feet; thence along a curve to the left whose radius bears S 71° 57' W 150 feet, through a central angle of 26° 24', along an arc a distance of 234.99 feet; thence along a curve whose radius bears S 45° 33' W 43 feet, through a central angle of 67° 33', along an arc a distance of 50.70 feet; thence along a curve to the left having a radius of 91 feet, through a central angle of 83° 09', and having a chord that bears N 26° 25' 30" E 120.78 feet; thence N 43° 15' 40" E 125.84 feet; thence along a curve to the right having a radius which bears N 51° 39' E 200 feet, through a central angle of 69° 45', along an arc a distance of 243.47 feet; thence N 51° 29' E 130 feet; thence S 80° 27' 26" E 156.06 feet; thence N 53° 13' 15" E 274.53 feet; thence S 02° 49' 34" W 574.47 feet; thence S 15° 38' 44" E 241.28 feet; thence S 84° 12' W 25 feet; thence S 05° 48" E 40.4 feet; thence N 85° 00' E 900 feet more or less to a point three hundred yards beyond the low water mark of San Francisco Bay being the waterward limit of the tide and submerged land acquired by the United States of America by the Act of Legislature of the State of California on March 9, 1897.

EXCEPTING THEREFROM those lands described in the Executive Order dated November 6, 1850, for Yerba Buena Island (Goat Island) situated upland from the Ordinary High Water Mark of San Francisco Bay.

(b) All of the State of California's right, title, and interest, acquired by virtue of its sovereignty, in and to the Trust Property, together with all improvements, facilities, rights, privileges, and appurtenances connected therewith or in any way appertaining thereto, is hereby granted in trust to and vested in the Authority, subject to the terms and conditions specified in this act. The lands shall be held by the Authority and its successors in trust for the benefit of all the people of the state for purposes of commerce, navigation,

and fisheries, and for other public trust purposes, as more particularly provided in this act.

(c) There is reserved in the people of the State of California the right to hunt and fish in and over the waters on the Trust Property, together with the right of convenient access to the waters over the Trust Property for those purposes.

(d) There is excepted from the grant made in subdivision (b) and reserved to the State of California all subsurface mineral deposits, including oil and gas deposits, together with the right of ingress and egress on the Trust Property for exploration, drilling, and extraction of such mineral, oil, and gas deposits. Those mineral rights, including the right of ingress and egress, shall not be exercised in a manner that would disturb or otherwise interfere with any lease, franchise, permit, or license of or on the Trust Property; provided, however, that any lease, franchise, permit, or license of property contain a provision specifying at least one point from which and the manner in which the right of ingress or egress to said subsurface deposits may be exercised, which point or points may be outside the area of the leasehold, franchise, permit, or license, provided the point or points are adequate to permit the rights reserved to the state to be exercised.

(e) There is also excepted from the grant made in subdivision (b) any property or interest in property, whether real or personal, owned by or under the jurisdiction or control of the Department of Transportation. The Trust Property shall remain subject to any requirements of the Department of Transportation for future rights-of-way, easements, or material for the construction, location, realignment, expansion, or maintenance of bridges, highways, or other transportation facilities without compensation, except as follows:

(1) Compensation shall be made to the Authority for any property taken that was originally acquired by the Authority for valuable consideration.

(2) In the event improvements, betterments, or structures have been placed upon the Trust Property by the Authority, compensation shall be made to the Authority for the value of the improvements, betterments, or structures taken.

(3) Holders of a lease, franchise, permit, or license to use or occupy a portion of the Trust Property which has been taken pursuant to this section shall be given the same compensation that they would receive under an eminent domain proceeding.

(f) In the management, conduct, operation, and control of the Trust Property or any improvements, betterments, or structures thereon, the Authority or its successors shall make no discrimination in rates, tolls, or charges for any use or service in connection therewith.

(g) The State of California shall have the right to use without charge any transportation, land, or storage improvements, wharves, slips, betterments, or structures, constructed upon the Trust Property, for any vessel or other watercraft, aircraft, or railroad owned or operated by the State of California.

SEC. 7. The Authority shall have complete power to use, conduct, operate, maintain, manage, administer, regulate, improve, lease, and control the Trust Property and to do all things necessary in connection therewith which are in conformance with the terms of this act and the public trust for commerce, navigation and fisheries upon which the lands are held, including, without limitation, all of the following:

(a) Acquiring, exchanging, and conveying real and personal property of every kind necessary for the full or convenient exercise of its powers, consistent with the public trust and subject to the limitations of this act.

(b) Constructing, erecting, maintaining, repairing, operating, developing, and regulating all improvements, utilities, facilities, equipment, piers, parking areas, streets, highways, bridges, pedestrian ways, landscaped areas, public buildings, public assembly and meeting places, convention centers, parks, museums, playgrounds, and public recreation facilities, including, without limitation, public golf courses, marinas, restaurants, hotels, commercial recreation facilities, entertainment facilities and attractions, and any other works, buildings, facilities, utilities, structures, and appliances incidental to or necessary or convenient for the promotion and accommodation of the purposes of the public trust and this act, or or about the Trust Property.

(c) Promoting the public use of the Trust Property and encouraging private investment in the development of the Trust Property for the foregoing uses in the public interest, through advertising or such other means as may be reasonable and appropriate.

(d) Providing services reasonably necessary to the carrying out of the foregoing uses and purposes. As to any service which the Authority is authorized to perform pursuant to the provisions of this act, the Authority may contract for the performance of such services by the City and County of San Francisco or any agencies thereof, including the Port Commission.

SEC. 8. (a) The Authority shall not at any time grant, convey, give, or alienate the Trust Property, or any part thereof, to any individual, firm, or corporation, except that the Authority may grant franchises, permits, privileges, licenses, easements, or leasehold interests (collectively referred to as "leases" hereinafter) thereon for limited periods, not to exceed 66 years.

(b) Any leases for use of the Trust Property shall be solely for uses that are consistent with or ancillary to the purposes of the public trust

for commerce, navigation and fisheries, provided that leases may be granted for other uses where the Authority makes the following determinations:

(1) There is no immediate trust related need for the property proposed to be leased.

(2) The proposed lease is of a duration of no more than five years and can be terminated in favor of trust uses as they arise; except that the existing hangars, or portions thereof, may be leased for up to five years without a right of termination in favor of trust uses.

(3) The proposed lease prohibits the construction of new structures or improvements on the subject property that could, as a practical matter, prevent or inhibit the property from being converted to any permissible trust use should the property become necessary therefore.

(4) The proposed use of the leased property would not interfere with commerce, navigation, fisheries, or any other existing trust uses or purposes.

SEC. 9. (a) Notwithstanding any other provision of this act, existing buildings or structures on the Trust Property which are incapable of being devoted to trust purposes may be used for other purposes, consistent with the reuse plan for the Trust Property, for the remaining useful life of such buildings or structures. Buildings and structures on the Trust Property that are incapable of being devoted to trust purposes are those constructed for nontrust purposes while the Trust Property was under federal ownership, including, but not limited to, the existing housing units, the brig, the building proposed for use as a police academy, and the school.

(b) The Authority and the State Lands Commission shall, by agreement, establish the remaining useful life of the buildings and structures described in subdivision (a), either individually or by category, provided that in no case shall the useful life of any building or structure be deemed to extend less than 25 years or more than 40 years from the effective date of this act.

(c) The maintenance and repair of any of the existing buildings or structures described in subdivision (a), and any structural or other alterations necessary to bring such buildings or structures into compliance with applicable federal, state, and local health and safety standards, including, but not limited to, seismic upgrading, shall be permitted, provided such activities will not enlarge the footprint or the size of the shell of such buildings or structures.

SEC. 10. (a) All money received or collected by the Authority from or arising out of the use or operation of the Trust Property, including all revenues derived from leases, permits, franchises, privileges, licenses, easements, and rights to use or occupy the Trust Property, shall be deposited by the Authority into a special fund to be maintained by the Authority (the Treasure Island Trust Fund). The money in or belonging to the Treasure Island Trust Fund may

be used or for uses and purposes consistent with the public trust for navigation, commerce, and fisheries.

(b) An annual statement of financial conditions and operations shall be prepared by the Authority and submitted to the State Lands Commission each year on or before October 1. The statement shall include a statement of all revenues and expenditures related to trust lands and trust assets, including obligations incurred but not yet paid.

SEC. 11. (a) The Authority may exchange certain portions of the Trust Property with any state agency, political subdivision, person, entity, or corporation, or the United States or any agency thereof, for other lands, whenever the Authority determines and the State Lands Commission adopts a resolution declaring and finding all of the following:

(1) The portions of the Trust Property to be exchanged have been filled and reclaimed, are cut off from access to the waters of San Francisco Bay, are no longer needed or required for the promotion of the public trust for commerce, navigation, and fisheries, and constitute a relatively small portion of the lands originally granted to the City and County of San Francisco under the Burton Act (Chapter 1333 of the Statutes of 1968).

(2) The lands to be acquired by the Authority have a value equal to or greater than the value of the lands for which they are to be exchanged and are useful for the particular trust purposes authorized by this act.

(3) No substantial interference with trust uses and purposes will ensue by virtue of the exchange.

(b) Upon adoption of the resolution by the State Lands Commission, the lands granted by the Authority shall thereupon be free from the public trust for commerce, navigation, and fisheries, and the lands received in exchange shall be held subject to the public trust and to the terms of this act.

(c) Exchanges made pursuant to this section are hereby found to be of statewide significance and importance, and, therefore, any ordinance, charter provision, or other provision of local law inconsistent with this section shall not be applicable to the exchange.

SEC. 12. If the Authority is dissolved, by operation of law or otherwise, the Trust Property, together with any and all improvements thereon, and the management, conduct, and operation of and jurisdiction over the Trust Property, shall revert and be conveyed to and vest in the City and County of San Francisco, acting by and through its Port Commission, subject to the public trust for commerce, navigation, and fisheries, and the requirements of the Burton Act (Chapter 1333 of the Statutes of 1968), and the remainder of the property shall be conveyed to the City and County of San Francisco.

SEC. 13. (a) The state reserves the right to amend, modify, or revoke any and all rights to the Trust Property granted to the Authority under this act.

(b) For purposes of this section, the term "bonds" includes, without limitation, lease revenue bonds and other bonds, lease financing arrangements, and certificates of participation.

(c) No amendment, modification, or revocation, in whole or in part, of the transfer of the Trust Property in trust provided for in this act shall impair or affect the rights or obligations of third parties, including the holders of bonds or securities, lessees, lenders for value, holders of contracts, conferring the right to the use or occupation of, or the right to conduct operations upon or within, the Trust Property, arising from leases, contracts, or other instruments lawfully entered into prior to the effective date of such amendment, modification, or revocation.

(d) In the event, at the effective date of any such amendment, modification, or revocation, there are in effect any such leases, contracts, or other instruments, the state may, at its option exercised by and through the State Lands Commission, succeed to the interest in any such instrument of the Authority; otherwise the interest of the Authority in any instrument then in effect shall continue during the term or other period of time during which the instrument shall remain in effect, and provided further that in any event all bonds or securities issued by the Authority and payable out of revenues of the Trust Property shall continue to be so payable, directly or indirectly, and secured in all respects as provided in the proceedings for their issuance, and the revenues of the property shall be pledged and applied to the payment of such bonds or securities in all respects as though no amendment, modification, or revocation had taken place.

SEC. 14. Section 2.1 is added to Chapter 1333 of the Statutes of 1968, to read:

2.1. This act shall not apply to the property commonly known as Treasure Island, nor to those portions of the property commonly known as Yerba Buena Island consisting of former or existing tide and submerged lands and more particularly described in Section 6 of Assembly Bill No. 699 of the 1997-98 Regular Session.

SEC. 15. The Legislature finds and declares that, because of the unique circumstances applicable only to the lands within the City and County of San Francisco described in this act, relating to the closure of Naval Base Treasure Island, a statute of general applicability cannot be enacted within the meaning of subdivision (b) of Section 16 of Article IV of the California Constitution. Therefore, this special statute is necessary.

1 (Sublease and Property Management Agreement with John Stewart Company)

2 **Resolution Approving a Sublease and Property Management Agreement for Treasure**
3 **and Yerba Buena Islands Market-Rate Rental Housing between the Treasure Island**
4 **Development Authority and John Stewart Company, a California Corporation, Subject**
5 **to the Approval of the City's Board of Supervisors**

6 WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and
7 Yerba Buena Island (together, the "Base"), which is currently owned by the United States of
8 America ("the Federal Government"); and,

9 WHEREAS, The Base was selected for closure and disposition by the Base
10 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
11 subsequent amendments; and,

12 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
13 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
14 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
15 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
16 conversion of the Base for the public interest, convenience, welfare and common benefit of
17 the inhabitants of the City and County of San Francisco; and,

18 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
19 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
20 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority
21 as a redevelopment agency under California redevelopment law with authority over the Base
22 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the
23 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
24 administer the public trust for commerce, navigation and fisheries as to such property; and,

1 WHEREAS, The Board of Supervisors approved the designation of the Authority as a
2 redevelopment agency for Treasure Island in 1997; and,

3 WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of
4 the Authority as the redevelopment agency for Treasure Island under California Community
5 Redevelopment Law in Resolution No. 11-12; although such rescission does not affect
6 Authority's status as the Local Reuse Authority for Treasure Island or the Tidelands Trust
7 trustee for the portions of Treasure Island subject to the Tidelands Trust, or any other powers
8 or authority of the Authority; and,

9 WHEREAS, On March 17, 1999, The John Stewart Company ("JSCO") and the
10 Authority entered into a Sublease, Development, Marketing and Property Management
11 Agreement (the "Original Agreement") for the development, marketing and property
12 management of up to 766 housing units, as shown on Exhibits B-1 and B-2 of the Original
13 Agreement (the "Premises") at former Naval Station, Treasure Island, in San Francisco,
14 California; and,

15 WHEREAS, The parties entered into the following amendments to the Original
16 Agreement: a First Amendment dated August 15, 2000, to amend the Premises; a Second
17 Amendment dated June 12, 2003, to amend the Phase 1 and 2 Premises and the Rent
18 Schedule; a Third Amendment dated March 22, 2006, to extend the term of the Agreement on
19 a month-to-month basis not to exceed the effective date of a disposition and development
20 agreement between the Authority and a master developer for Treasure Island and Yerba
21 Buena Island; and a Fourth Amendment dated August 8, 2006, to increase residential utilities
22 rates; and a Fifth Amendment to Discontinue Earthquake and Flood Insurance dated October
23 14, 2009; and,

24

25

1 WHEREAS, On June 7, 2011, the San Francisco Board of Supervisors approved the
2 Disposition and Development Agreement between the Authority and Treasure Island
3 Community Development LLC, which became effective on July 14, 2011; and,

4 WHEREAS, the scheduled term of the Original Agreement expired on the effective date
5 of the Disposition and Development Agreement, but continued thereafter on a month-to-month
6 holdover basis; and

7 WHEREAS, On March 7th, 2014 the Authority issued and properly noticed a Request
8 for Proposals ("RFP") for the Sublease and Property Management of Market-Rate Rental
9 Housing, Treasure Island; and

10 WHEREAS, JSCO was the sole Respondent to submit a Response to the RFP by or
11 before the April 18, 2014 Deadline for Submittal of Responses; and

12 WHEREAS The JSCO Response was reviewed and deemed responsive to the terms
13 of the RFP by Project Office and Project Office staff then commenced negotiations with JSCO
14 toward a new Sublease and Property Management Agreement for Market-Rate Rental
15 Housing (the "Agreement"); and

16 WHEREAS, Project Office staff made presentation on the progress of negotiations at
17 the May 14, 2014 Authority Board meeting and has subsequently completed such
18 negotiations with JSCO; and

19 WHEREAS, The Authority and JSCO now desire to enter into a Sublease and Property
20 Management Agreement for Market-Rate Rental Housing (the "Agreement") for up to 566
21 units at former Naval Station Treasure Island in substantially the form of the Agreement
22 attached hereto as Exhibit A (the "Agreement"); now, therefore be it

23 RESOLVED, That the Authority Board of Directors hereby approves the Agreement
24 and authorizes the Director of Island Operations or her designee to execute said Agreement
25 in substantially the form attached hereto as Exhibit A; and be it



**REQUEST FOR PROPOSALS FOR
SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT FOR
MARKET-RATE RENTAL HOUSING, TREASURE ISLAND
RFP #002**

CONTACT: Peter Summerville

Background

The Treasure Island Development Authority (the "Authority") is seeking an organization experienced in residential housing property management to lease and manage the market-rate residential housing stock on Treasure and Yerba Buena Islands ("TI/YBI") and to interact with the Authority, the Treasure Island Homeless Development Initiative ("TIHDI"), the United States Navy ("Navy"), Treasure Island Community Development LLC ("TICD", the master developer) and various City and County of San Francisco ("City") departments with roles and responsibilities on TI/YBI. The original term of the proposed agreement (the "Agreement") will be four (4) years, with two (2) permitted extensions of three (3) years for each extension. The Agreement, and any extensions, are subject and subordinate to the Master Lease for residential housing between the Authority and the Navy. Extensions shall also be subject to satisfactory performance by selected Contractor during the original term. The selected contractor must be available to start work on July 1, 2014. The Agreement calls for the selected contractor to be paid a set management fee, together with a participation of profits in an amount that will be determined by the bidding process and possible negotiation.

Schedule*

RFP Issued	March 7, 2014
Deadline for RFP questions and inquiries	March 26, 2014 (12 p.m. PT)
Pre-Proposal Conference	March 27, 2014 (10 a.m. PT)
Answers to RFP questions posted online	April 2, 2014
Deadline for proposals	April 18, 2014 (12 p.m. PT)
Contract award intent notification	May 2, 2014
Contract begins	July 1, 2014

***Each date subject to change. Check website for latest schedule.**

**REQUEST FOR PROPOSALS FOR
SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT
FOR MARKET-RATE RENTAL HOUSING, TREASURE ISLAND**

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RFP Attachments:

- A. Acknowledgement of RFP Terms and Conditions
- B. CCSF Contract Monitoring Division Local Business Enterprise Forms
- C. CCSF Administrative Requirements
- D. Draft Sublease and Management Agreement for Market-Rate Rental Housing on Treasure and Yerba Buena Islands
- E. TIHDI Workforce Hiring Plan
- F. Transition Housing Rules and Regulations

1. Introduction

General terms used in this RFP

The "Proposer" refers to any entity submitting a response to this Request for Proposals (this "RFP"). The "Contractor" refers to the Proposer selected under this RFP for negotiations to enter into the Agreement. The "Agreement" refers to the subleasing and management agreement entered into by the Authority and the Contractor.

1. Statement of Need and Intent

The Authority seeks proposals from qualified property management companies with demonstrated experience in the leasing, operation and management of multi-unit market-rate rental residential properties, and working with public agencies. The Authority is seeking Proposers to manage the market-rate rental housing leasing and property management operations on TI/YBI. The Contractor will be expected to enter into the Agreement in substantially the form presented in this RFP, as may be revised during negotiations. The Agreement calls for the Contractor to be paid a Management Fee equal to the greater of: (a) three percent (3%) of Gross Revenues, up to a maximum of Four Hundred Thousand Dollars (\$400,000) per year, which maximum will be adjusted for inflation, or (b) Sixty Dollars (\$60) per Rentable Unit per month not to exceed (\$333,000) per year. The Agreement also provides for the Contractor to participate in percentage-based disbursement of profits derived by the leasing of market-rate units.

The original term of the proposed Agreement is four (4) years. The Contractor may extend the term twice, each for an additional three (3) years, but subject to any earlier termination of the Master Lease with the United States Navy for the residential housing buildings on Treasure and Yerba Buena Islands (the "Housing Master Lease"). The Master Lease is currently on a month to month holdover, although Navy leases at TI/YBI have been renewed annually for the past 15 years by mutual agreement of the Navy and the Authority. The Authority and the Navy anticipate entering into a new master lease for the market rate housing property sometime during the Fall of 2014. The Agreement and referenced Term extensions are contingent on continued extension of the Housing Master Lease (or the new housing master lease).

The market-rate housing portfolio is currently comprised of 578 units dispersed throughout Treasure Island and Yerba Buena Island, with 498 units on Treasure Island and 80 units on Yerba Buena Island. There are approximately 1,100 residents living in the market-rate residential units as of March, 2014. Housing units may be added or subtracted from the housing portfolio during the course of the Agreement subject to the terms and conditions of the Navy Master Lease and the discretion of the Authority, as discussed below. The Contractor should maintain a high level of customer service, community engagement and act as a good neighbor to the larger Island community throughout the development process.

In June 2011, the Authority and the City approved a proposed development project with TICD, the master developer, that contemplates the redevelopment of the TI/YBI with up to 8,000 residential units (including 2,000 below market rate units), 300-acres of public open spaces, and approximately \$700 Million in infrastructure improvements. This development project is anticipated to begin as soon as property is transferred from the Navy to the Authority (expected in late 2014) and will likely continue for 15 years or more.

The Contractor shall be required to work with the Authority on management and implementation of pre-development and development-related programs impacting the TI/YBI market-rate residents and the housing portfolio, including the relocation of tenants resulting from remediation and development activities. Due to certain pre-development and remediation activities anticipated over the next few years, the Authority expects that the size of the housing portfolio will shrink, although the total number of units cannot be predicted with certainty at this time. The Contractor may be required to evict certain post-DDA tenants (i.e., those tenants that first leased units on or after July 14, 2011, the date that the development project was finally approved) if replacement units are not available for those tenants. Accordingly, new leasing activity is currently suspended so as to maintain vacant units to accommodate anticipated relocations. Relocations will be performed by the Contractor, with assistance from the Authority and its relocation consultants, in accordance with the Transition Housing Rules and Regulations (the "THRRs") adopted by the Authority's Board and the City's Board of Supervisors.

All of the units under the Agreement are anticipated to be razed as part of the development project and residents will be required to relocate. It is anticipated that the residences on YBI will need to be vacated in 2015, but it is not expected that the residences on YBI will need to be vacated for development until 2022 or later. Tenants who were in residence prior to July 14, 2011, when the Authority and Board of Supervisors adopted the Disposition and Development Agreement for the Island ("Pre-DDA Residents") will be provided with certain benefits and housing opportunities in the future development through the Transition Housing Rules and Regulations (the "THRRs") that were adopted in conjunction with the DDA. Post-DDA tenants (i.e., those tenants that leased units on or after July 14, 2011) are on month-to-month agreements, and the Contractor may be required to terminate lease agreements of post-DDA households when they are required to relocate for development or to facilitate Navy environmental remediation actions if replacement units are not available for those tenants.

The Contractor is expected to comply with certain workforce hiring goals, including the Treasure Island Homeless Development Initiative ("TIHDI") Workforce Hiring Plan set forth in Attachment E of this RFP, which requires job and job-training opportunities for low-income and formerly homeless individuals. The Contractor is also expected to comply with, and require its Subcontractors to comply with, with all applicable labor and prevailing wage requirements.

1.2 Background

The Authority is a non-profit public benefit corporation created by the City and County of San Francisco to act as the Local Reuse Authority dedicated to the conversion and economic development of TI/YBI, and is the Tidelands Trust trustee for the portions of TI/YBI that is subject to the Tidelands Trust. Under a Cooperative Agreement and multiple Master Leases with the Navy, the Authority performs and administers vital municipal services for the residential and daytime population during the interim reuse of the property. The Authority derives a majority of its annual revenue from the re-use and subleasing of buildings and grounds on TI/YBI, including the former Navy housing.

The services required under the proposed Agreement are currently performed by the John Stewart Company (heretofore referred to as "Incumbent") under a sublease, marketing and management agreement. Under this existing agreement, the Incumbent is responsible for, among other things, maintaining and repairing the housing portfolio; preparing units for occupancy between vacancies; performing tenant relocations and assisting in the relocation process; hiring third party contractors, as needed; managing the subtenant application, screening, subleasing and contract compliance processes; working with tenant community groups to enhance the overall TI/YBI community experience; regularly appearing before the Authority Board to report on housing matters; managing, tracking, and regular reporting of rental revenue, revenue disbursement, and operating costs incurred.

1.2.1 Management Fee and Disbursement of Rental Revenue

The Contractor will collect monthly rental revenue derived from the housing portfolio and manage disbursement of these monthly revenues between itself and the Authority according to a formula proscribed in the Agreement. Under the terms of the Agreement, the Authority will receive a monthly fixed Base Rent revenue as well monthly percentage of any profit, which will be shared with the Contractor. The Contractor will receive a set monthly management fee and a profit participation, as set forth in the Contract. The amount of profit participation will be part of each Proposer's submittal (if different than what is currently set forth in the draft Agreement) and subject to potential negotiation with the successful bidder. Selection of a Proposer does not guarantee that the Authority will accept the percentage fee as proposed, and the Authority may elect to negotiate the percentage fee.

The Agreement stipulates the process for disbursement of monthly rental revenue. The Authority first receives its monthly share of the annual Base Rent amount. Base Rent to be paid to the Authority for the first year of the Agreement shall be Five Hundred Thousand Dollars (\$500,000), with future annual CPI adjustments. The Contractor then receives its set monthly management fee, as described above. Following such payments, the Contractor will then pay all monthly operating expenses. Any revenues remaining following all such payments is the profit that will be divided between the Authority and the Contractor. Under the existing agreement with the Incumbent, the Authority receives 95% of the profit and the Incumbent receives 5% of the profit.

For the Fiscal Year 13-14 to-date under this profit sharing formula, the Incumbent has disbursed to Authority payments totaling \$988,532 and to itself payments totaling \$52,028 as of February, 2014.

1.2.2 Provision of Municipal Services to and Around the Portfolio

The Authority, through the SF Public Utilities Commission ("SFPUC"), provides gas, electricity, water and sewer services to TI/YBI. The Contractor will pay to SFPUC, as operating expenses, all amounts due as a result of use of these utility services within the property. The Authority is responsible for the maintenance and repair of streets, sidewalks, common areas and street lighting surrounding and adjacent to the property. The Contractor will be responsible for continuing refuse and recycling collection services through the Authority's approved refuse hauler, Recology Golden Gate.

1.2.3 Community and Current Residents

The TI/YBI community is comprised of approximately 1,800 total residents of varying socio-economic backgrounds, including formerly homeless families residing in supportive housing and renters living in market-rate housing. A daytime population of employees and staff of various on-island housing property managers, commercial tenants and community-serving organizations are also present. A U.S. Department of Labor Job Corps Campus with approximately 600 students is also located on Treasure Island.

The Incumbent and the Authority are currently engaged in a selection process for the relocation of tenants that reside in the following buildings in connection with the Navy's remediation activities: Buildings 1325, 1133, 1205 and 1237 (encompassing 34 rental units). The selection process is being undertaken concurrently with certain tenants that must be moved from YBI in connection with the start of the development project. Originally, the first moves were anticipated to occur by April 15, 2014, but this has now been delayed to a date uncertain. The YBI moves are anticipated to occur sometime in the late fall of 2014.

The Contractor will be required to fulfill its duties under the Agreement in a manner that minimizes any adverse impacts on the existing residents, to the extent possible.

1.2.4 Pre-Development Activities and Current Leasing Environment

The Authority and the Incumbent are currently relocating tenants in accordance with the THRRs.

Under the THRRs, the San Francisco Board of Supervisors created a transition program designed to allow existing pre-DDA residents to remain on TI/YBI during the development process. The THRRs also provide certain moving benefits to these tenants and the possibility of occupying a newly constructed unit that is built as part of the development. The Authority is responsible for fulfilling the terms of the THRRs. But the Authority will work with the Contractor on required relocations and, due to the need to provide comparable replacement units, the Authority is currently not re-leasing units upon tenant move-out. In short, new leasing activities have ceased and are not expected to resume in the near future.

As noted above, the Authority anticipates loss of units from the Portfolio in 2014 and 2015 due to ongoing Navy environmental remediation activities. As a result, the Authority projects a decrease in rental revenue over the next several years due to both the loss of revenue-generating units, as well as the current freeze on leasing activities necessary to accommodate transitioning households under the THRRs.

The Contractor will be required to assist the Authority with its responsibilities in (1) THRR implementation and in coordination, (2) the Navy's remediation work within the housing areas, and (3) TICD's work in the housing areas, and shall be expected to perform such work in a manner that does not delay the progress of these programs and that does not unduly inconvenience existing residents.

2. Scope of Work

The Scope of Work is to be used as a general guide and is not intended to be a complete list of all work that a Contractor may be required to perform as the property manager under the Agreement:

1. Operate, maintain, and manage the Treasure Island Market-Rate Housing Portfolio ("Portfolio") on a day-to-day basis in a clean, safe, attractive and sanitary condition and assure that the Portfolio remains in good order and repair for safe and sanitary residential housing.
2. Perform scheduled, unanticipated and emergency maintenance and repairs to the Portfolio necessary to avoid the suspension of necessary services to the Portfolio and to assure safe and sanitary conditions for Residential Tenants at all times, and perform maintenance and repair on Treasure Island and Yerba Buena Island outside the Portfolio as requested by Director of Island Operations (the "Director") and as agreed-upon by Authority and Contractor.

For any and all maintenance and repair work performed on or to the Portfolio, Contractor shall be responsible for the supervision and monitoring of any and all of subcontractors used to execute any of Contractor's obligations under the Agreement. For work performed outside the Portfolio, Contractor shall be entitled to a negotiated management fee of the direct cost of the work to cover administrative expenses and insurance, paid in the same manner that the Management Fee is paid under Section 8.6 of this Agreement. Contractor shall be responsible for assuring all subcontractors are appropriately licensed and insured as well as responsible for monitoring compliance with all applicable labor and prevailing wage requirements.

3. Manage the Residential Tenant application, screening, and subleasing process for the Portfolio, if and when activated by the Authority. Contractor shall be responsible for monitoring, enforcing and assuring lease compliance for all terms and conditions of the Rental Agreements. Contractor shall maintain and staff an on-Island office tasked with fulfilling the Contractor's day to day responsibilities under the Agreement, including but not limited to activities relating to applicant

screening, rent collection, parking management and lease compliance monitoring.

Contractor shall establish a work order process allowing for a Residential Tenant to report, and for Contractor to promptly resolve, necessary in-unit maintenance and repairs. Contractor shall establish a process to receive, and use reasonable efforts to resolve, complaints, disputes or disagreements by and between the Contractor and one or more residential tenants, including establishment of a grievance procedure.

4. Prepare an annual budget including operational expenses, staffing expenses, and the management fee and the timing of payments. As noted above, the Agreement contemplates deductions from monthly revenues to pay both operating expenses and Contractor's management fee.

Contractor shall be required to formulate, maintain and track an annual operating budget, consistent with Generally Acceptable Accounting Practices (GAAP) and subject to the Director's review and approval (not to be unreasonably withheld). Contractor shall provide monthly revenue and expense reports to the Authority in a form approved by the Director. The Contractor's annual operating budget, including its market-rate rental revenue forecasts and expense projections, shall be included in the Authority's annual budget and shall be subject to review or audit at any time by the Authority or Authority's designee.

5. Work in regular close coordination with the Authority, the City, the Navy and other on-Island property managers, service providers and community organizations. Contractor shall be expected to support Authority and City initiatives and to support the delivery of municipal services to the Portfolio. Contractor shall work in close coordination with City departments including but not limited to the Police Department, Fire Department and the Public Utilities Commission.
6. Contractor shall assist the Authority and the City as-needed in the implementation of the THRRs, the Site 12 remediation program, the Treasure Island Temporary Emergency Housing Plan and the City's Emergency Response Plan and Emergency Support Functions.

3. Proposal Submission Requirements

3.1 Time and Place for Submission of Proposals

Proposals and all related materials must be received by **12 PM PST on Friday, April 18, 2014**. Proposals shall be either delivered in person or mailed to:

Treasure Island Development Authority
RFP# 002 (Sublease and Property Management Agreement)
Attn: Peter Summerville
One Avenue of Palms, Suite 241
San Francisco, CA 94130

Proposers shall submit one (1) original and five (5) printed copies of the Proposal (including all required CMD forms), and one (1) CD-ROM with electronic files of all Proposal materials submitted including all required CMD forms) in an envelope clearly marked "**RFP# 002 (Market-Rate Housing)**" to the above location. Proposals that are submitted by fax or by email only may be deemed nonresponsive to this RFP and rejected.

Postmarks will not be considered in judging the timeliness of submissions. Note that Proposers hand-delivering proposals to Treasure Island Development Authority may be required to open and make packages accessible for examination by security staff.

3.2 Proposal Package

The following items must be included in your proposal and packaged in a box or envelope clearly marked **RFP# 002 (Market-Rate Housing)**.

Complete, but concise, proposals are recommended for ease of review by the Evaluation Team. Proposals should provide a straightforward, concise description of the Proposer's capabilities to satisfy the requirements of this RFP. Marketing and sales type information should be excluded. All parts, pages, figures, and tables should be numbered and clearly labeled.

- A. **One Original printed Proposal (with original signatures) labeled as "Original", five printed copies of Proposal labeled as "Copy", and [one CD-ROM containing electronic file versions of the Proposal].**

Proposers must submit the following information, in the order specified below:

1. Introduction and Executive Summary (up to 3 pages)

Submit a letter of introduction and executive summary of the proposal. The letter must be signed by a person authorized by your firm to obligate your firm to perform the commitments contained in the Proposal. Submission of the letter will constitute a representation by your firm that your firm is willing and able to perform the work as set forth in the Proposal.

2. Organizational Capacity and Organizational Experience (up to 15 pages)

Provide the following information:

- a. A general description of the Proposer and the agency mission; and

- b. The Proposer's key staff for this project and their applicable experience; and
- c. A detailed description of the Proposer's relevant experience, primarily relating to residential property management; and
- d. A detailed description of the Proposer's experience with projects and transactions similar in size and scope, including number of years performed, and contact information from the entity that engaged Proposer on one or more similar projects; and
- e. A description of the Proposer's experience with public agencies and with any job training programs;
- f. A description of the Proposer's experience with tenant relocations and evictions, if any; and
- g. A description of the Proposer's experience in complying with public contracting requirements, such as Local-disadvantaged Business Enterprise (LBE) programs and prevailing wages; and
- h. A description of the Proposer's experience with third party environmental remediation issues, as they relate to ongoing leasing and operations issues; and
- i. Any additional information that Proposer believes is relevant to its qualifications to perform the work under the Agreement.

3. Financial Proposal (Up to 10 pages)

Provide the following information:

- a. A proposed formula for profit sharing under the Agreement. [Note, the existing contract with Incumbent provides 95% of profits to the Authority and 5% of profits to the Incumbent.]
- b. A projected budget for leasing, management and operation (including a capital account and reserve account) of the Portfolio for the period from July 1, 2014 to June 30, 2015; and
- c. A statement of Proposer's net worth and financial capacity to perform the work, including, if to the extent available, appropriate backup documentation such as an audited financial statement or signed tax returns (bottom line information only) for up to the past 2 years; and
- d. A description of the Proposer's bonding experience and capacity.

4. Experience with Community Involvement and Collaboration (up to 5 pages)

Provide the following information:

- a. A description of Proposer's prior experience serving a large and diverse community; and
- b. A description of Proposer's prior experience working with non-profit agencies; and
- c. A description of Proposer's prior experience working with City, State and Federal agencies, particularly in the areas of public safety, utility transmission, and environmental health and safety; and
- d. A description of Proposer's knowledge of the Treasure Island community, and the proposed development project at Treasure Island.

5. Commitment to Proposal (up to 5 pages)

Provide the following information:

- a. Attach a letter from Proposer's CEO or other official committing Proposer to the Proposal and confirming Proposer's intent to enter into the Agreement, if selected; and
- b. If Proposer cannot agree to any of the terms of the draft Agreement, or requires material changes to the draft Agreement, include a summary of the required changes; and
- c. Confirm Proposer's willingness to begin work under the Agreement on July 1, 2014, or if additional start up time is required to assume full operations, please so indicate.

6. Completed Required Forms

- a. *RFP Attachment A - Acknowledgement of RFP Terms and Conditions*
- b. *RFP Attachment B - Contract Monitoring Division Local Business Enterprise Forms:*
 - 1) CMD Contract Participation Form 2A, and
 - 2) CMD "Good Faith Outreach" Requirements Form 2B, and
 - 3) CMD Non-Discrimination Affidavit, Form 3, and
 - 4) CMD Joint Venture Form 4 (if applicable), and
 - 5) CMD Employment Form 5.
- c. *RFP Attachment C - Acknowledgment of City's Administrative Requirements.*

4. Evaluation Criteria

This section describes the Authority's guidelines for analyzing and evaluating the Proposals. It is the Authority's intent to select the Proposer for contract negotiations that will provide the best overall service package to the Authority inclusive of experience and financial considerations. A Proposer selected for contract negotiations is not guaranteed a contract. This RFP does not in any way limit the Authority's right to solicit contracts for similar or identical services, or to procure the services through some other method.

4.1 Evaluation Team

The Authority will create an Evaluation Team, comprised of Authority and City staff, and possibly other Island stakeholder agency representatives, to evaluate the Proposals and make a recommendation of the highest ranked Proposer to the Director. Following receipt of the Proposals, the Evaluation Team may, but is not required, to hold interviews with up to the top 3 Proposers. The Director will consider the recommendation of the Evaluation Team and choose the Proposer with whom to commence negotiations for the Agreement.

4.2 Proposal Evaluation Criteria (100 points)

Each Proposal will be evaluated in accordance with the criteria generally described above, and as more particularly described below.

- 1. Organizational Capacity, Organizational Experience and Project Approach (40 points)**
 - a. Proposer's experience and expertise relating to property management; and
 - b. Quality and experience of Proposer's key staff; and
 - c. Proposer's experience with projects and transactions of this scope; and
 - c. Proposer's experience with job training programs, tenant relocations and evictions; and
 - d. Proposer's experience in complying with public contracting requirements, such as LBE, DBE programs, etc.; and
 - e. Proposer's experience with third party environmental remediation issues, as they relate to ongoing leasing and operations; and
 - f. Any related experience or qualifications.

2. Financial Proposal (20 points)

- a. Proposer's proposed formula for profit sharing under the Agreement (if different than the draft Agreement); and
- b. Proposer's projected budget for the first year of operations; and
- c. Proposer's fiscal capacity and bonding experience and capacity.

3. Experience with Community Involvement and Collaboration (30 points)

- a. Proposer's experience serving a large and diverse community; and
- b. Proposer's experience working with non-profit agencies; and
- c. Proposer's experience working with City, State and Federal agencies; and
- d. Proposer's knowledge of the Treasure/Yerba Buena Islands community and the proposed development project.

4. Commitment to Proposal (10 points)

- a. Organizational ability to commence operations by July 1, 2014 and otherwise satisfy the requirements of this RFP; and
- b. Any material changes to the proposed form of Agreement, if any; and
- c. Completeness and organization of Proposal and all required submittals.

4.3 Contractor Selection Processes

Selection Interviews

The Evaluation Team may, but is not required to, hold interviews with up to the three highest scoring Proposers. Interviews, if held, will consist of standard questions asked of interviewees and specific questions regarding individual Proposals. If held, the interviews will be worth twenty (20) points. Points awarded for interviews will be separate from the points awarded during the evaluation process, but will be added to the previous scores before a recommendation is made to the Director. If applicable, the Proposer's lead staff members that will be assigned to the project should be present for the interview.

Other Terms and Conditions

The Director will consider the recommendation of the Evaluation Team and choose the Proposer with whom to commence contract negotiations. It is anticipated that the Agreement will be substantially in the form attached hereto as Attachment D, with modifications as needed to make the Agreement consistent with the selected Proposal.

If a satisfactory contract cannot be negotiated in a reasonable time with the selected Proposer, then the Director, in her sole discretion, may terminate negotiations and begin contract negotiations with another Proposer or select a property manager through some other process. The Authority reserves the right at any time before Proposals are due to modify or terminate this RFP:

The selection of any Proposer for contract negotiations shall not imply acceptance by the Authority of all terms of the Proposal, which may be subject to further negotiation. Any final contract must be finally approved by the Treasure Island Development Authority Board of Directors and the City's Board of Supervisors, each in their sole and absolute discretion. Selection for negotiations, and completion of contract negotiations by staff and the proposer, is no guarantee that the Authority Board will approve a contract.

5. Protest Procedures

5.1 Protest of Non-Responsiveness Determination

The Evaluation Team will first review Proposals to determine if they are complete and responsive. If it is determined that a Proposal is not complete or responsive to this RFP, the Director may notify the Proposer of this fact. Within five (5) working days of the Authority's issuance of a notice of non-responsiveness, any Proposer that has submitted a proposal and believes that the Director has incorrectly determined that its Proposal is non-responsive may submit a written notice of protest by mail or e-mail (fax is not acceptable). Such notice of protest must be received by the Authority on or before the fifth (5th) working day following the Authority's issuance of the notice of non-responsiveness. The notice of protest must include a written statement specifying in detail each and every one of the grounds asserted for the protest. The protest must be signed by an individual authorized to represent the Proposer. In addition, the protestor must specify facts and evidence sufficient for the Authority to determine the validity of the protest.

5.2 Protest of Contract Award

Within five (5) working days of the Authority's issuance of a notice of intent to award a contract under this RFP, any Proposer that has submitted a responsive proposal and believes that the Authority has incorrectly selected another Proposer for award may submit a written notice of protest by mail or e-mail (fax is not acceptable). Such notice of protest must be received by the Authority on or before the fifth (5th) working day after the Authority's issuance of the notice of intent to award a contract.

The notice of protest must include a written statement specifying in detail each and every one of the grounds asserted for the protest. The protest must be signed by an individual authorized to represent the Proposer, and must cite the law, rule, local ordinance, procedure or RFP provision on which the protest is based. In addition, the protestor must specify facts and evidence sufficient for the Authority to determine the validity of the protest.

5.3 Delivery of Protests

All protests of this RFP and the RFP process must be submitted on or before the date Proposals are due. All protests of nonresponsiveness must be five (5) working days of the Authority's issuance of a notice of non-responsiveness. And all protests of the contract award must be made no later than the day before the date that the Authority Board first considers the Agreement for approval at a duly noticed public hearing. If a protest is mailed, the protestor bears the risk of non-delivery within the deadlines specified herein. Protests should be transmitted by a means that will objectively establish the date the Authority received the protest. Protests or notice of protests made orally (e.g., by telephone) or by fax will not be considered. Protests must be delivered to:

**Treasure Island Development Authority
RFP# 002 (Sublease and Property Management Agreement)
Attn: Peter Summerville
One Avenue of Palms, Suite 241
San Francisco, CA 94130
Email: Peter.Summerville@sfgov.org**

6. Additional Terms

A. Errors and Omissions in RFP

Proposers are responsible for reviewing all portions of this RFP. Proposers are to promptly notify the Authority, in writing, if the Proposer discovers any ambiguity, discrepancy, omission, or other error in the RFP. Any such notification should be directed to the Authority promptly after discovery, but in no event later than five working days prior to the date for receipt of Proposals. Modifications and clarifications will be made by addenda as provided below.

B. Inquiries Regarding RFP

Inquiries regarding the RFP and all notifications of intent to request written modification or clarification of the RFP must be directed to:

**Treasure Island Development Authority
RFP# 002 (Sublease and Property Management Agreement)
Attn: Peter Summerville
One Avenue of Palms, Suite 241
Treasure Island
San Francisco, CA 94130
Email: Peter.Summerville@sfgov.org**

C. Change Notices

The Authority may modify the RFP, before the proposal due date, by issuing Change Notices, which will be posted on the website. The Proposer shall be responsible for

ensuring that its proposal reflects any and all Change Notices issued by the Authority regardless of when the Proposal is submitted. Therefore, the Authority recommends that the Proposer consult the website frequently, including shortly before the proposal due date, to determine if the Proposer has reviewed all Change Notices.

D. Revision of Proposal

A Proposer may revise a proposal on the Proposer's own initiative at any time before the deadline for submission of Proposals. The Proposer must submit the revised Proposal in the same manner as the original. A revised Proposal must be received on or before the proposal due date. In no case will a statement of intent to submit a revised Proposal, or commencement of a revision process, extend the proposal due date for any Proposer. At any time during the evaluation process, the Authority may require a Proposer to provide oral or written clarification of its Proposal. The Authority reserves the right to make an award without further clarifications of Proposals received.

E. Proposer's Obligations under the Campaign Reform Ordinance

Proposers must comply with Section 1.126 of the S.F. Campaign and Governmental Conduct Code, which states:

No person who contracts with the City and County of San Francisco for the rendition of personal services, for the furnishing of any material, supplies or equipment to the City, or for selling any land or building to the City, whenever such transaction would require approval by a City elective officer, or the board on which that City elective officer serves, shall make any contribution to such an officer, or candidates for such an office, or committee controlled by such officer or candidate at any time between commencement of negotiations and the later of either (1) the termination of negotiations for such contract, or (2) three months have elapsed from the date the contract is approved by the City elective officer or the board on which that City elective officer serves.

If a Proposer is negotiating for a contract that must be approved by an elected local officer or the board on which that officer serves, during the negotiation period the Proposer is prohibited from making contributions to:

- The officer's re-election campaign
- A candidate for that officer's office
- A committee controlled by the officer or candidate.

The negotiation period begins with the first point of contact, either by telephone, in person, or in writing, when a contractor approaches any city officer or employee about a particular contract, or a city officer or employee initiates communication with a potential contractor about a contract. The negotiation period ends when a contract is awarded or not awarded to the contractor. Examples of initial contacts include: (1) a vendor contacts a city officer or employee to promote himself or herself as a candidate for a contract; and (2) a city officer or employee contacts a contractor to propose that the contractor apply for a contract. Inquiries for information about a particular contract, requests for documents relating to a Request for Proposal, and requests to be placed on a mailing list do not constitute negotiations.

Violation of Section 1.126 may result in the following criminal, civil, or administrative penalties:

1. Criminal. Any person who knowingly or willfully violates section 1.126 is subject to a fine of up to \$5,000 and a jail term of not more than six months, or both.
2. Civil. Any person who intentionally or negligently violates section 1.126 may be held liable in a civil action brought by the civil prosecutor for an amount up to \$5,000.
3. Administrative. Any person who intentionally or negligently violates section 1.126 may be held liable in an administrative proceeding before the Ethics Commission held pursuant to the Charter for an amount up to \$5,000 for each violation.

For further information, Proposers should contact the San Francisco Ethics Commission at (415) 581-2300.

F. Sunshine Ordinance

In accordance with S.F. Administrative Code Section 67.24(e), contractors' bids, responses to RFPs and all other records of communications between the Authority and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

G. Public Access to Meetings and Records

If a Proposer is a non-profit entity that receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the S.F. Administrative Code, the Proposer must comply with Chapter 12L. The Proposer must include in its proposal (1) a statement describing its efforts to comply with the Chapter 12L provisions regarding public access to Proposer's meetings and records, and (2) a summary of all complaints concerning the Proposer's compliance with Chapter 12L that were filed with the City in the last two years and deemed by the City to be substantiated. The summary shall also describe the disposition of each complaint. If no such complaints were filed, the Proposer shall include a statement to that effect. Failure to comply with the reporting requirements of Chapter 12L or material misrepresentation in Proposer's Chapter 12L submissions shall be grounds for rejection of the proposal and/or termination of any subsequent Agreement reached on the basis of the proposal.

H. Reservations of Rights by the Authority

The issuance of this RFP does not constitute an agreement by the Authority that any contract will actually be entered into by the Authority. The Authority expressly reserves the right at any time to:

1. Waive or correct any defect or informality in any response, Proposal, or RFP procedure;

2. Reject any or all Proposals;
3. Reissue a Request for Proposals;
4. Prior to submission deadline for Proposals, modify all or any portion of the selection procedures, including deadlines for accepting responses, the specifications or requirements for any materials, equipment or services to be provided under this RFP, or the requirements for contents or format of the Proposals;
5. Procure any materials, equipment or services specified in this RFP by any other means; or
6. Determine that no contract will be pursued.

I. No Waiver

No waiver by the Authority of any provision of this RFP shall be implied from any failure by the Authority to recognize or take action on account of any failure by a Proposer to observe any provision of this RFP.

J. Local Business Enterprise Goals and Outreach

The requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance") shall apply to this RFP.

I. LBE Subconsultant Participation Goals

Subject to the requirements of the TIHDI Agreement, the LBE subconsulting goal for this project is 25 % of the total value of the goods and/or services to be procured. For purposes of the foregoing, all contracts to TIHDI member organizations shall be counted toward satisfaction of the LBE goal. For informational purposes only, the availability of Minority Business Enterprises ("MBE"), Woman Business Enterprises ("WBE") and Other Business Enterprises ("OBE") to perform sub work on this project is as follows:

- a.) 11.2% Minority Business Enterprises ("MBE"); and
- b.) 5.0% Woman Business Enterprises; and
- c.) 8.8% Other Business Enterprises ("OBE")

Each firm responding to this solicitation shall confirm that it will use good-faith outreach to select LBE subcontractors as set forth in S.F. Administrative Code §§ 14B.8 and 14B.9. In addition to demonstrating that it will achieve the level of subconsulting participation required by the contract, a proposer shall also undertake and document in its submittal the good faith efforts required by Chapter 14B.8(C)&(D) and CMD Attachment 2, Requirements for Architecture, Engineering and Professional Services Contracts (See CMD Attachment 2, Form 2B.)

[Proposals which fail to comply with the material requirements of S.F. Administrative Code §§ 14B.8 and 14B.9, CMD Attachment 2 and this RFP may be deemed non-responsive.] Subconsulting goals can only be met with CMD-certified LBEs located in

San Francisco and TIHDI member organizations. Note: If a proposer demonstrates in its proposal that it exceeds the established LBE subconsulting participation goal by 35% (i.e. 33.75% for this project) or more, such proposer is not required to conduct good faith outreach efforts or to submit evidence of good faith efforts. **[I'm not familiar with the forms. Are we asking Proposers to submit lists of proposed subcontractors?]**

The selected firm for the Agreement will be required to use the CMD Utilization Tracking System.

2. LBE Participation

The City strongly encourages proposals from qualified LBEs. Pursuant to Chapter 14B, the following rating discount will be in effect for the award of this project for any proposers who are certified by CMD as a LBE, or joint ventures where the joint venture partners are in the same discipline and have the specific levels of participation as identified below. Certification applications may be obtained by calling CMD at (415) 252-2500. The rating discount applies at each phase of the selection process. The application of the rating discount is as follows:

- (a) A 10% ratings bonus to an LBE; or a joint venture between or among small and/or micro LBEs; or
- (b) A 5% ratings bonus to a joint venture with small and/or micro LBE participation that equals or exceeds 35%, but is under 40%; or
- (c) A 7.5% ratings bonus to a joint venture with small and/or micro LBE participation that equals or exceeds 40%; or
- (d) A 10% ratings bonus to a certified non-profit entity;
- (e) A 2% rating bonus will be applied to an SBA-LBE, except that the 2% discount shall not be applied at any stage if it would adversely affect a Small LBE or Micro-LBE bidder.

If applying for a rating discount as a joint venture: The LBE must be an active partner in the joint venture and perform work, manage the job and take financial risks in proportion to the required level of participation stated in the proposal, and must be responsible for a clearly defined portion of the work to be performed and share in the ownership, control, management responsibilities, risks, and profits of the joint venture. The portion of the LBE joint venture's work shall be set forth in detail separately from the work to be performed by the non-LBE joint venture partner. The LBE joint venture's portion of the contract must be assigned a commercially useful function.

3. CMD Forms to be Submitted with Proposal

a. All proposals submitted must include the following Contract Monitoring Division (CMD) Forms contained in the CMD Attachment 2: 1) CMD Contract Participation Form 2A, 2) CMD "Good Faith Outreach" Requirements Form 2B, 3) CMD Non-Discrimination Affidavit, Form 3, 4) CMD Joint Venture Form 4 (if applicable), and 5) CMD Employment Form 5. If these forms are not returned with the proposal, the proposal may be determined to be non-responsive.

b. Please submit CD with proposals and CMD Forms. The forms should be placed in a separate, sealed envelope labeled CMD Forms.

If you have any questions concerning the CMD Forms, you may call Romulus Asenloo, the Contract Monitoring Division Contract Compliance Officer at (415) 581-2310.

K. Standard Contract Provisions

The successful Proposer will be required to enter into a contract substantially in the form of the Sublease and Management Agreement attached hereto as Attachment D.

L. Conflicts of Interest

The successful Proposer will be required to agree to comply fully with and be bound by the applicable provisions of state and local laws related to conflicts of interest, including Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California. The successful Proposer will be required to acknowledge that it is familiar with these laws; certify that it does not know of any facts that constitute a violation of said provisions; and agree to immediately notify the City if it becomes aware of any such fact during the term of the Agreement.

**REQUEST FOR PROPOSALS FOR
SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT
FOR MARKET-RATE RENTAL HOUSING, TREASURE ISLAND**

Attachment A

Acknowledgement of RFP Terms and Conditions

RFP ATTACHMENT A: ACKNOWLEDGEMENT OF RFP TERMS AND CONDITIONS

HOW TO RESPOND TO THIS ATTACHMENT

By submitting a Proposal, the Proposer, on behalf of itself and its Partners/Subconsultants acknowledges and agrees that:

1. **PROPOSER AUTHORIZATION:** The signatories are authorized by the Proposer to make representations for the Proposer and to obligate the Proposer to perform the commitments contained in its Proposal.
2. **PROPOSER SELECTION:** Based on Proposals received to this Request for Proposals (RFP), it is the intent of the Treasure Island Development Authority (the "Authority") to select the highest scoring and most responsive Proposer for contract negotiations. This RFP does not in any way limit the City's right to solicit contracts for similar or identical services if, in the City's sole and absolute discretion, it determines Proposals received are inadequate to satisfy its needs.
3. **CONTRACT NEGOTIATIONS:** The City will select the highest scoring Proposer(s) with whom the Authority staff will commence contract negotiations. If a satisfactory contract cannot be negotiated in a reasonable time with the selected Proposer, then the Authority, in its sole discretion, may terminate negotiations and begin contract negotiations with next highest scoring Proposer. The selection of any Proposer for contract negotiation shall not imply acceptance by the City of all terms of the Proposal, which may be subject to further negotiation and approvals before the City may be legally bound thereby.
4. **NO GUARANTEE OF WORK OR COMPENSATION:** There is no guarantee of a minimal amount of work or compensation for any of the Proposers selected for contract negotiations.
5. **COMPLIANCE WITH LAWS AND REGULATIONS:** It must comply with all applicable State, Federal, and local laws. In the event any governmental restrictions may be imposed which would necessitate alteration of the material, quality, workmanship or performance of the items offered on this Proposal prior to their delivery, it shall be the responsibility of the successful Proposer to notify the City at once, indicating in their letter the specific regulation which required such alterations. The City reserves the right to accept any such alterations, including any price adjustments occasioned thereby, or to cancel the contract.
6. **STAFFING:** The key individuals listed and identified in the Proposal will be performing the work and will not be substituted with other personnel or reassigned to another project by the Proposer/Contractor without the City's prior approval or request. The City, in its sole discretion, shall have the right to review and approve all staff assigned to provide services throughout the duration of the contracts negotiated under this RFP. Such approval by the City will not be unreasonably withheld. If selected for interviews, the Proposer's key individuals, including partner/subconsultant representatives, will be required to meet with the City prior to selection for contract negotiations.
7. **LEAD ROLE:** The selected Proposer(s) will be expected to take the lead role in project management and staff coordination. Proposals should factor this assumption into pricing.
8. **LBE SUBCONSULTING GOAL:**
The requirements of the Local Business Enterprise (LBE) and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance") shall apply to this RFP. The City's Human Rights Commission (HRC) Local Business Enterprise subconsulting goal for this project is waived.
9. **CITY'S APPROVAL RIGHTS OVER SUBCONSULTANTS AND SUBCONSULTANT PAYMENTS:** The City has approval rights over the use of all subconsultants. Proposers must identify all subconsultants in their Proposal and these subconsultants must conform to all City policies regarding subconsultants. Furthermore, each Proposer understands, acknowledges, and agrees that if it subcontracts with a third party for services, the Proposer accepts responsibility for full and prompt payment to the third party. Any dispute between the Proposer and the third party, including any payment dispute, will be promptly remedied by the Proposer. Failure to promptly remedy or to make prompt

RFP ATTACHMENT A: ACKNOWLEDGEMENT OF RFP TERMS AND CONDITIONS

payment to a third party (subconsultant) may result in the withholding of funds from the Proposer by the City.

10. CITY RESOURCES: The City will arrange for contractor's access to equipment and data as deemed appropriate by the City.

11. ADMINISTRATIVE REQUIREMENTS: see *Attachment B*
It must fulfill the City's administrative requirements for doing business with the City prior to contract award. Fulfillment is defined as completion, submission and approval by applicable City agencies of the forms and requirements referenced in Attachment III.

12. THE CITY'S TERMS AND CONDITIONS: see *Attachment B*.
It is willing and able to meet all of the City's terms and conditions as stated in the City's standard professional services agreement ("Agreement") template (see *Attachment B*). Proposers wishing to negotiate modification of other terms and conditions must attach a copy of the City's Agreement referring to the specific portion of the Agreement to be changed, and show proposed changes (deleted sections with a strikeover and added sections in boldface type). The City's selection of any Proposer who proposes changes to the City's Agreement terms shall not be deemed as acceptance of the Proposer's proposed changes.

13. TERM OF COST AND WORK EFFORT ESTIMATE: Submission of a Proposal signifies that the proposed services and prices are valid for two years from the City's notice of intent to award a contract from this RFP and that the quoted prices are genuine and not the result of collusion or any other anti-competitive activity.

The City may award contract(s), based on Proposals received without discussion. A Proposer's initial cost and work effort estimate should, therefore, be based on the most favorable terms available. The City reserves the right to accept other than the lowest price offer and reject all Proposals that are not responsive to this RFP.

14. RELEASE OF LIABILITY: The Proposer hereby releases all individuals, entities and firms from all claims and losses that may arise from said individuals, entities or firms providing information, comments, or conclusions to inquiries that the City and County of San Francisco may make regarding the qualifications of any individual or firm seeking to be selected as a consultant or subconsultant in connection with this RFP. This release is freely given and will be applicable whether or not the responses by said individuals, entities or firms are accurate or not, or made willfully or negligently.

15. FINANCIAL RESPONSIBILITY FOR PROPOSAL COSTS: The City accepts no financial responsibility for any costs incurred by a firm in responding to this RFP. Proposals will become the property of the City and may be used by the City in any way deemed appropriate.

16. PROJECT TIMELINE: Actual contract periods may vary, depending upon service and project needs. Any Proposer selected for a contract must be available to commence work no later than July 15, 2013. This RFP provides the City with the ability to exercise options allowing for a total contract period of 5 years. It will be the responsibility of any Proposer selected for contract negotiations to disclose, before negotiations commence, any limitations that may impact its ability to complete work in accordance with anticipated deliverables and timelines.

17. OBJECTIONS TO RFP TERMS: Should a Proposer object on any ground to any provision or legal requirement set forth in this RFP, the Proposer must, not more than ten (10) calendar days after the RFP is issued, provide written notice to the Authority setting forth with specificity the grounds for the objection. The failure of a Proposer to object in the manner set forth in this paragraph shall constitute a complete and irrevocable waiver of any such objection.

18. EXCEPTIONS TO THIS RFP: All information requested in this RFP must be supplied. Proposers may clearly identify any exceptions to the RFP in this section and must provide a written explanation to include the scope of the exceptions, the ramifications of the exceptions for the City, and the description of

RFP ATTACHMENT A: ACKNOWLEDGEMENT OF RFP TERMS AND CONDITIONS

the advantages or disadvantages to the City as a result of exceptions. The City, in its sole discretion, may reject any exceptions or specifications within the Proposal. Proposers may also provide supplemental information, if necessary, to assist the City in analyzing Proposals.

19. ERRORS AND OMISSIONS IN RFP: Proposers are responsible for reviewing all portions of this RFP. Proposers are to promptly notify the Authority, in writing, if the Proposer discovers any ambiguity, discrepancy, omission or other error in the RFP. Any such notification should be directed to the Authority promptly after discovery, but in no event later than five (5) working days prior to the date for receipt of Proposals. Modifications and clarifications will be made by addenda as provided below.

20. INQUIRIES AND COMMUNICATIONS REGARDING RFP: Inquiries regarding the RFP and all communications including notifications related to, exceptions or objections to, or of an intent to request written modification or clarification of, the RFP must be directed by mail or e-mail (fax is not acceptable) to:

Treasure Island Development Authority
RFP# 002 (Sublease and Property Management Agreement)
Attn: Peter Summerville
One Avenue of Palms, Suite 241
San Francisco, CA 94130
Email. Peter.Summerville@sfgov.org

21. CHANGE NOTICES: The Authority may modify the RFP, prior to the Proposal due date, by issuing written addenda. Addenda will be posted on the 'Contract Opportunities' section of the Authority website at: sftreasureisland.org. The Authority will make reasonable efforts to post notification of modifications in a timely manner. Notwithstanding this provision, the Proposer shall be responsible for ensuring that its Proposal reflects any and all addenda issued by the Authority prior to the Proposal due date regardless of when the Proposal is submitted. Therefore, the City recommends that the Proposer call the Authority or check the Authority website before submitting its Proposal to determine if the Proposer is aware of all addenda.

22. REVISION OF PROPOSAL: Proposer may revise a Proposal on the Proposer's own initiative at any time before the deadline for Proposals. The Proposer must submit the revised Proposal in the same manner as the original. A revised Proposal must be received on or before the Proposal due date.

23. CONFLICTS OF INTEREST: The successful Proposer will be required to agree to comply fully with and be bound by the applicable provisions of state and local laws related to conflicts of interest, including Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California. The successful Proposer will be required to acknowledge that it is familiar with these laws; certify that it does not know of any facts that constitute a violation of said provisions; and agree to immediately notify the City if it becomes aware of any such fact during the term of the Agreement.

Individuals who will perform work for the City on behalf of the successful Proposer might be deemed consultants under state and local conflict of interest laws. If so, such individuals will be required to submit a Statement of Economic Interests, California Fair Political Practices Commission Form 700, to the City within ten calendar days of the City notifying the successful Proposer that the City has selected the Proposer.

PROPOSERS ARE STRONGLY ADVISED TO CONSULT WITH THEIR LEGAL COUNSEL REGARDING THEIR ELIGIBILITY TO SUBMIT A PROPOSAL FOR THIS RFP OR SUBSEQUENT RFQS/RFPS.

24. PROPOSER'S OBLIGATIONS UNDER THE CAMPAIGN REFORM ORDINANCE: Proposers must comply with Section 1.126 of the S.F. Campaign and Governmental Conduct Code, which states:

No person who contracts with the City and County of San Francisco for the rendition of personal services, for the furnishing of any material, supplies or equipment to the City, or for selling any land or building to

RFP ATTACHMENT A: ACKNOWLEDGEMENT OF RFP TERMS AND CONDITIONS

the City, whenever such transaction would require approval by a City elective officer, or the board on which that City elective officer serves, shall make any contribution to such an officer, or candidates for such an office, or committee controlled by such officer or candidate at any time between commencement of negotiations and the later of either (1) the termination of negotiations for such contract, or (2) three months have elapsed from the date the contract is approved by the City elective officer or the board on which that City elective officer serves.

If a Proposer is negotiating for a contract that must be approved by an elected local officer or the board on which that officer serves, during the negotiation period the Proposer is prohibited from making contributions to:

- the officer's re-election campaign
- a candidate for that officer's office
- a committee controlled by the officer or candidate.

The negotiation period begins with the first point of contact, either by telephone, in person, or in writing, when a contractor approaches any city officer or employee about a particular contract, or a city officer or employee initiates communication with a potential contractor about a contract. The negotiation period ends when a contract is awarded or not awarded to the contractor. Examples of initial contacts include: (i) a vendor contacts a city officer or employee to promote himself or herself as a candidate for a contract; and (ii) a city officer or employee contacts a contractor to propose that the contractor apply for a contract. Inquiries for information about a particular contract, requests for documents relating to a Request for Qualifications or Proposals, and requests to be placed on a mailing list do not constitute negotiations.

Violation of Section 1.126 may result in the following criminal, civil, or administrative penalties:

- a) Criminal. Any person who knowingly or willfully violates section 1.126 is subject to a fine of up to \$5,000 and a jail term of not more than six months, or both.
- b) Civil. Any person who intentionally or negligently violates section 1.126 may be held liable in a civil action brought by the civil prosecutor for an amount up to \$5,000.
- c) Administrative. Any person who intentionally or negligently violates section 1.126 may be held liable in an administrative proceeding before the Ethics Commission held pursuant to the Charter for an amount up to \$5,000 for each violation.

For further information, Proposers should contact the San Francisco Ethics Commission at (415) 581-2300.

25. SUNSHINE ORDINANCE: In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request. Proposer understands that any writing presented under this RFP may be subject to public disclosure.

RFP ATTACHMENT A: ACKNOWLEDGEMENT OF RFP TERMS AND CONDITIONS

26. PUBLIC ACCESS TO MEETINGS AND RECORDS: If a Proposer is a non-profit entity that receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the S.F. Administrative Code, the Proposer must comply with Chapter 12L. The Proposer must include in its Proposal (1) a statement describing its efforts to comply with the Chapter 12L provisions regarding public access to Proposer's meetings and records, and (2) a summary of all complaints concerning the Proposer's compliance with Chapter 12L that were filed with the City in the last two years and deemed by the City to be substantiated. The summary shall also describe the disposition of each complaint. If no such complaints were filed, the Proposers shall include a statement to that effect. Failure to comply with the reporting requirements of Chapter 12L or material misrepresentation in Proposer's Chapter 12L submission shall be grounds for rejection of the Proposal and/or termination of any subsequent Agreement reached on the basis of the Proposal.

27. RESERVATIONS OF RIGHTS BY THE CITY: The issuance of this RFP does not constitute an agreement by the City that any contract will actually be entered into by the City. The City expressly reserves the right at any time to:

- A. Waive or correct any defect or informality in any Proposal, response, or response procedure;
- B. Reject any or all Proposals;
- C. Reissue a Request for Qualifications or Request for Proposals;
- D. Prior to submission deadline for Proposals, modify all or any portion of the selection procedures, including deadlines for accepting Proposals, the specifications or requirements for any materials, equipment or services to be provided under this RFP, or the requirements for contents or format of the Proposals;
- E. Procure any materials, equipment or services specified in this RFP by any other means; or
- F. Determine that no project will be pursued.

28. NO WAIVER: No waiver by the City of any provision of this RFP shall be implied from any failure by the City to recognize or take action on account of any failure by a Proposer to observe any provision of this RFP. Failure by the Department to object to an error, omission or deviation in the Proposal in no way will modify the RFP or excuse the Proposer from full compliance with the specifications of the RFP or any contract awarded pursuant to the RFP.

29. CONTRACT NEGOTIATIONS: The City will select the most qualified and responsive Proposer with whom the Authority staff will commence contract negotiations. If a satisfactory contract cannot be negotiated in a reasonable time with the selected Proposer, then the Authority, in its sole discretion, may terminate negotiations and begin contract negotiations with the next highest scoring Proposers it deems qualified. The selection of any Proposer for contract negotiation shall not imply acceptance by the City of all terms of the proposal, which may be subject to further negotiation and approvals before the City may be legally bound thereby.

30. CERTIFICATION: Each Proposer hereby certifies that it has carefully examined this Request for Proposals and documents attached hereto for terms, conditions, specifications, covenants, requirements, services, etc. and the Proposer certifies that it understands the project types requested, that the Proposer has knowledge and expertise to provide the project types submitted for consideration, and that its Proposal is based upon the terms, conditions, specifications, services, and requirements of this RFP and attachments. By its signature on the Proposal to the RFP, the Proposer certifies that its Proposal is made without prior understanding, agreement, or connection with any corporation, firm or person submitting a Proposal for the same materials, supplies, or equipment, and is in all respects fair and without collusion or fraud, so that all Proposals for the purchase will result from free, open and competitive proposing among all vendors, in compliance with the City's laws.

31. ACCEPTANCE: Submission of any Proposal indicates a Proposer's acceptance of the conditions contained in this RFP unless clearly and specifically noted otherwise in the Proposal. The City may discontinue its selection, contract negotiations, or contract award processes with any Proposer if it is determined that the Proposer has not accepted the RFP terms and conditions contained herein.

**RFP ATTACHMENT A: ACKNOWLEDGEMENT OF
RFP TERMS AND CONDITIONS**

Each Proposer, as part of its Proposal, must submit this document signed by a representative(s) authorized by the Proposer to make representations for the Proposer and to obligate the Proposer to perform the commitments contained in its Proposal.

Acknowledged and Agreed:

Signature

Printed Name

Title

Firm Name

City, State

Phone Number

Date

Signature

Printed Name

Title

Firm Name

City, State

Phone Number

Date

**REQUEST FOR PROPOSALS FOR
SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT
FOR MARKET-RATE RENTAL HOUSING, TREASURE ISLAND**

Attachment B

CCSF Contract Monitoring Division Local Business Enterprise Forms

- 1) CMD Contract Participation Form 2A, and
- 2) CMD "Good Faith Outreach" Requirements Form 2B, and
- 3) CMD Non-Discrimination Affidavit, Form 3, and
- 4) CMD Joint Venture Form 4; and
- 5) CMD Employment Form 5.

CITY & COUNTY OF SAN FRANCISCO CONTRACT MONITORING DIVISION



CMD ATTACHMENT 2

For Contracts Advertised on or after July 1, 2013

Requirements for Architecture, Engineering, & Professional Services Contracts

FOR CONTRACTS \$50,000 AND OVER

PART I. GENERAL

1.01 SAN FRANCISCO ADMINISTRATIVE CODE CHAPTERS 12B AND 14B

- A. To be eligible for this contract award, prime proposers must agree to comply with the Local Business Enterprise ("LBE") requirements sanctioned by San Francisco Administrative Code Chapter 12B, Section 12B.4 and Chapter 14B, and its implementing Rules and Regulations. Chapters 12B and 14B are administered and monitored by the San Francisco Contract Monitoring Division ("CMD").
- B. Chapters 12B and 14B and their implementing Rules and Regulations are incorporated by reference herein as though fully set forth and provide that the failure of any proposer or consultant to comply in good faith with these requirements shall be deemed a material breach of contract. Copies of both Chapters 12B and 14B and their implementing Rules and Regulations are available on the CMD website at <http://www.sfgov.org/cmd>.
- C. Chapter 14B allows for a ten percent (10%) rating discount, referred to in this Attachment 2 as a "rating bonus," for CMD certified Small- or Micro LBE's. Subject to certain limitations and exceptions, CMD SBA-LBEs may be entitled to a two percent (2%) rating bonus. Joint Ventures with Small or Micro-LBE participation may be entitled to a five percent (5%), seven and a half percent (7.5%), or to 10 percent (10%) rating bonus. The Certification Application is available on the CMD website at <http://www.sfgov.org/cmd>.

IMPORTANT NOTICE:

For RFP's advertised on or after July 1, 2013, winning prime consultants and all participating subconsultants are required to use the LBE Utilization Tracking System (LBEUTS) to submit 14B prime and sub payment information, including progress payment invoices. The LBEUTS system replaces CMD Payment Forms 7 & 9. These forms are included herein for informational purposes only.

For assistance with CMD Attachment 2, please contact the following number(s):

CMD Main Office (415) 581-2310 or LBE Certification Unit (415) 581-2319

For compliance and assistance with the Equal Benefits Program, please contact the CMD Main Office.



1.02 SUBMISSION OF CMD FORMS

- A. **Unless otherwise authorized by CMD, the proposer must submit the following CMD forms in a separate sealed envelope marked "CMD Forms" with the proposal. Failure to complete or submit any of the CMD Forms may cause the proposal to be deemed non-responsive and ineligible for contract award.**

Proposers are responsible for reviewing the specific instructions and requirements on each CMD form.

1. **Form 2A: CMD Contract Participation Form:** Identify LBE subconsultants, vendors, and lower tier subconsultants that the proposal relies on to meet LBE subconsultant participation goal. Check the appropriate box under Rating Bonus.
2. **Form 2B: CMD "Good Faith Outreach" Requirements Form:** Document solicitation of LBE participation. This form must be submitted for every solicitation that includes LBE subconsultant participation. Proposer shall meet the specified LBE subcontractor participation goal and shall complete and submit Form 2B in accordance with Form 2B instructions.

In accordance with Section 14B.8(B) of the Administrative Code ("Code"), if a proposer does not demonstrate in its proposal that proposer exceeds the established LBE subcontracting participation goal by at least 35%, such proposer must demonstrate adequate good faith efforts to meet the LBE subconsulting goal. Such proposer must complete and submit Form 2B as required by Form 2B instructions and must submit all good faith documentation as specified in Form 2B with its proposal. Failure to meet the LBE subconsulting participation goal and demonstrate/document adequate good faith efforts shall cause the proposal to be determined non-responsive and rejected.

If a proposer demonstrates in its proposal that it exceeds the established LBE subconsulting participation goal by 35% or more, such proposer is not required to conduct good faith outreach efforts or to submit evidence of good faith efforts. Such proposer shall complete and submit Form 2B as required by Form 2B instructions. **NOTE: A SMALL OR MICRO-LBE PRIME PROPOSER MAY COUNT ITS OWN CONTRACT WORK TOWARD THE 35% GOOD FAITH EFFORTS EXCEPTION.**

- *Example:* The LBE subconsulting goal is 10%. Good faith efforts requirements will be waived if the Proposer:
 - 1) Meets the 10% LBE subconsulting goal;
 - AND**
 - 2) Has total LBE participation that equals or exceeds 13.5% of the total proposal amount. The 13.5% represents the 10% LBE subconsulting goal plus 35% of that 10% subconsulting goal.

LBE subconsulting goal set for project	10.0%
35% of the 10% LBE subconsulting goal	3.5%
Total LBE participation must equal or exceed:	13.5%

3. **Form 3: CMD Compliance Affidavit:** Must be signed by Proposer under penalty of perjury.
4. **Form 4: CMD Joint Venture Form:** Submit ONLY if the Proposer is requesting a rating bonus based on LBE participation in a joint venture partnership.
5. **Form 5: CMD Employment Form:** List the key personnel and responsibilities of the Proposer, Joint Venture partners, and Subconsultants.



1.03 CMD LBE UTILIZATION TRACKING SYSTEM AND CONTRACT PERFORMANCE FORMS:

A. LBE Utilization Tracking System (LBEUTS)

Information regarding the LBEUTS can be found at <http://www.sfgov.org/LBEUTS>

1. **FORM 7: CMD Progress Payment Form:** Winning prime proposer shall submit online using the LBEUTS with each payment request. Failure to upload this information with each payment request may delay progress payment processing. Upload copies of invoices from all subs.
 2. **FORM 9: CMD Payment Affidavit:** Submit online using the LBEUTS within ten (10) business days following receipt of each progress payment from the Contract Awarding Authority. Subconsultants are then required to acknowledge payment from Contractor online using the LBEUTS. Failure to submit required information may lead to withholding of progress payment, even if there is no subcontractor payments for the reporting period.
- B. FORM 8: CMD Exit Report and Affidavit: Submit with final Form 7. A separate Form 8 must be completed for each LBE subconsultant.**
- C. FORM 10: CMD Contract Modification Form:** This form shall be completed by the Prime Consultant when any (all) amendments, modifications, or supplemental change orders cumulatively increase the original contract amount by more than 20%, and then for all subsequent modifications.
1. D. Failure to submit all required information in the LBEUTS or any contract forms may result in sanctions under Chapter 14B, including but not limited to, withholding of progress and final payments

1.04 "GOOD FAITH OUTREACH" REQUIREMENTS

All proposers shall undertake adequate good faith outreach as set forth in Section 14B.8(D) of the Administrative Code to select subconsultants to meet the LBE subconsulting participation goal, unless a proposer qualifies for the good faith efforts exception set forth in Section 14B.8(B) for proposers that demonstrate in their proposals that they exceed the established LBE subconsulting participation goal by 35% or more. Please see example in Section 1.02A.2 above.

Under Section 14B.8(C) of the Code, proposals that do not meet the LBE subconsulting participation goal set will be rejected as non-responsive unless the CMD Director finds that the proposer diligently undertook adequate good faith efforts required by Chapter 14B and that the failure to meet the goal resulted from an excusable error.

A proposer must contact an LBE before listing that LBE as a subconsultant in the proposal. A proposal that fails to comply with this requirement will be rejected as non-responsive. Proposers are required to submit Form 2B and supporting documentation EVEN IF the LBE subconsulting goal has been met.

1.04 NON-COMPLIANCE AND SANCTIONS

A. Non-Compliance with Chapter 14B



1. A complaint of non-compliance concerning LBE participation initiated by any party after contract award will be processed in accordance with Chapter 14B and its implementing rules and regulations.
 - a. If the CMD Director determines that there is cause to believe that a consultant has failed to comply with any of the requirements of the Chapter 14B, CMD Rules and Regulations, or contract provisions pertaining to LBE participation, the CMD Director shall notify the contract awarding authority and attempt to resolve the non-compliance through conference and conciliation.
 - b. If the non-compliance is not resolved through conference and conciliation, the CMD Director shall conduct an investigation and, where the Director so finds, issue a written Finding of Non-Compliance.
 - c. The Director's finding shall indicate whether the consultant acted in good faith or whether noncompliance was based on bad faith noncompliance with the requirements of Chapter 14B, CMD Rules and Regulations, or contract provisions pertaining to LBE participation.
1. Where the Director finds that the consultant acted in good faith, after affording the consultant notice and an opportunity to be heard, the Director shall recommend that the contract awarding authority take appropriate action. Where the Director finds bad faith noncompliance, the Director shall impose sanctions for each violation of the ordinance, CMD rules and regulations, or contract provisions pertaining to LBE participation, which may include:
 - i) suspend a contract;
 - ii) withhold funds;
 - iii) assess penalties;
 - iv) debarment;
 - v) revoke CMD certification; or
 - vi) pursuant to 14B.7(H)(2), assess liquidated damages in an amount equal to the consultant's net profit on the contract, 10% of the total amount of the contract or \$1,000, whichever is greatest as determined by CMD.
2. The Director's determination of bad faith non-compliance is subject to appeal to the City Administrator pursuant to CMD Rules and Regulations.
3. An appeal by a consultant to the City Administrator shall not stay the Director's findings.
4. The CMD Director may require such reports, information and documentation from consultants, subconsultants, contract awarding authorities, and heads of departments, divisions, and offices of the City and County as are reasonably necessary to determine compliance with the requirements of Chapter 14B.

B. Procedure for the collection of penalties is as follows:

1. The CMD Director shall send a written notice to the Controller, the Mayor and to all contract awarding authorities or City and County department officials overseeing any contract with the consultant that a determination of bad faith non-compliance has been made and that all payments due the consultant shall be withheld.
2. The CMD Director shall transmit a report to the Controller and other applicable City departments to ensure that the liquidated damages are paid to the City.

PART II. RATING BONUS

2.01 APPLICATION



- A. **Eligibility for the LBE Rating bonus:** Certified Small or Micro-LBEs, including certified non-profit organizations, are eligible for an LBE rating bonus if the LBE is CMD certified in the type of work that is specified by the Contract Awarding Authority. Under certain circumstances, SBA LBE's are eligible for an LBE rating bonus. A proposer that has a certification application pending, that has been denied certification, that has had its certification revoked or that is in the process of appealing a CMD denial or revocation at the date and time the proposal is due is not an LBE and is not eligible to receive the rating bonus even if the firm is later certified or ultimately prevails in its appeal.
- B. **Application of the Rating bonus:** The following rating bonus shall apply at each stage of the selection process, i.e., qualifications, proposals, and interviews:
1. **Contracts with an Estimated Cost in Excess of \$10,000 and Less Than or Equal To 400,000.** A 10% rating bonus will apply to any proposal submitted by a CMD certified Small or Micro-LBE. Proposals submitted by SBA-LBEs are not eligible for a rating bonus.
 2. **Contracts with an Estimated Cost in Excess of \$400,000 and Less Than or Equal To \$10,000,000.** A 10% rating bonus will apply to any proposal submitted by a CMD certified Small or Micro-LBE ...Pursuant to Section 14B.7(E), a 2% rating bonus will be applied to any proposal from an SBA-LBE, except that the 2% rating bonus shall not be applied at any stage if it would adversely affect a Small or Micro-LBE proposer or a JV with LBE participation.
 3. **Contracts with an Estimated Cost In Excess of \$10,000,000 and Less Than or Equal To \$20,000,000.** A 2% rating bonus will apply to any proposal submitted by an SBA-LBE..
 4. **The rating bonus for a Joint Venture ("JV") with LBE participation that meets the requirements of Section 2.02 below is as follows for contracts with an estimated cost of in excess of \$10,000 and Less Than or Equal to \$10,000,000:**
 - a. 10% for each JV among Small and/or Micro LBE prime proposers.
 - b. 5% for each JV which includes at least 35% (but less than 40%) participation by Small and/or Micro-LBE prime proposers..
 - c. 7.5% for each JV that includes 40% or more in participation by Small and/or Micro-LBE prime proposers.
 - d. The rating bonus will be applied by adding 5%, 7.5%, or 10% (as applicable) to the score of each firm eligible for a bonus for purposes of determining the highest ranked firm. Pursuant to Chapter 14B.7(F), SBA-LBEs are not eligible for the rating bonus when joint venturing with a non LBE firm. However, if the SBA-LBE joint ventures with a Micro-LBE or a Small-LBE, the joint venture will be entitled to the joint venture rating bonus only to the extent of the Micro-LBE or Small-LBE participation described in Section 2.01B.4b. and c. above.
 5. A 10% rating bonus for CMD LBE certified non-profit agencies for contracts estimated in excess of \$10,000, but less than or equal to \$10,000,000.
- C. The Rating Bonus for Small or Micro-LBEs or JVs does not apply for contracts estimated by the Contract Awarding Authority to exceed \$10 million. The rating bonus for SBA-LBEs does not apply for contracts estimated by the Contract Awarding Authority to exceed \$20 million.

2.02 JOINT VENTURE/PRIME ASSOCIATION

- A. Each Small and/or Micro-LBE JV partner must be responsible for a clearly defined portion of the work to be performed. The rating bonus is applied only when the Small and/or Micro-LBE partner has sufficient skill, experience, and financial capacity to perform the portion of the work identified for the Small and/or Micro-LBE. This portion must be set forth in detail separately from the work to be performed by the non-LBE JV partner. The joint venture partners must be of the same discipline/each possess the license required by the RFP and the LBE partner(s) must be CMD LBE certified in that



area in order to be eligible for the rating bonus. The joint venture partners must be jointly responsible for the overall project management, control, and compliance with 14B requirements.

1. The Small and/or Micro-LBE JV partner's work must be assigned a commercially significant dollar value of the prime work and use its own employees and equipment.
 2. Each member of the joint venture must perform a "commercially useful function" as that term is defined by Section 14B.2 of the Ordinance. A Small and/or Micro-LBE JV partner that relies on the resources and personnel of a non-LBE firm will not be deemed to perform a "commercially useful function."
 3. The following actions are prohibited: i) the non-LBE JV partner performing work for the Small and/or Micro-LBE JV partner; ii) leasing of equipment or property by the Small and/or Micro-LBE JV partner from the non-LBE JV partner; and iii) the hiring of the non-LBE JV partner's employees by the Small and/or Micro-LBE JV partner.
 4. The Small and/or Micro-LBE JV partner must share in the ownership, control, management and administrative responsibilities, risks, and profit of the JV in direct proportion to its stated level of JV participation.
 5. The Small and/or Micro-LBE JV partner must perform work that is commensurate with its experience.
 6. A JV must submit an executed JV agreement and management plan detailing each JV partner's responsibilities and tasks.
 7. A JV must obtain a Federal ID number for that entity.
 8. A JV must obtain a tax registration certificate from the City Tax Collectors Office for that entity.
- B. A prime association or partnership is considered the same as a joint venture and must comply with all the JV requirements stated above.
- C. The proposal items to be performed by the Small and/or Micro-LBE JV partner must be identified separately and all work must be accounted for, including subconsulting work.
- D. The cost of the work to be performed by the Small and/or Micro-LBE JV partners is to be calculated as a percentage of the work to be performed by the joint venture partners. The joint venture should deduct the amount of work to be performed by subconsultants from its total contract amount. This percentage is used to determine whether or not the joint venture is eligible for a rating bonus.

EXAMPLE:

Step 1. Calculate total JV partner work:

Total Contract Work	=	100%
Percentage of Total Contract Work Performed by Subconsultants	-	40%
Percentage of Total Contract Work Performed by JV partners	=	60%

Step 2. Calculate Small and/or Micro-LBE JV partner work:

	A	B	C
Description of JV Partners' Scopes of Work	JV Partners' Work as a % of the total contract	% of Task by Non-LBE JV Partner	% of Task by Small and/or Micro-LBE JV Partner
TASK 1	5%	3%	2%
TASK 2	20%	11%	9%
TASK 3	25%	12.5%	12.5%



TASK 4	10%	6%	4%
TOTAL JV Partner %	60%	32.5%	27.5%

Step 3. Calculate Small and/or Micro-LBE JV partner work as a percentage of the total JV partner work for the rating bonus.

Total Small and/or Micro- LBE JV %	27.5%	÷	Total JV %	60%	=	45.8%
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The Small and/or Micro-LBE JV partner’s participation is 45.8%. The JV is therefore eligible for a 7.5% rating bonus.

PART III SUBCONSULTANT PARTICIPATION

3.01 SUBCONSULTANT PARTICIPATION GOAL

NOTE: FOR PURPOSES OF THE LBE SUBCONSULTING REQUIREMENTS, “LBE” REFERS TO SMALL AND MICRO-LBES ONLY, UNLESS THE RFP EXPRESSLY ALLOW FOR SBA-LBE SUBCONSULTANTS TO COUNT TOWARDS THE LBE PARTICIPATION GOAL.

- A. All proposers shall achieve the LBE subconsultant participation goal and undertake adequate good faith outreach as set forth in Section 14B.8(D) of the Ordinance to select subconsultants to meet the LBE subconsultant participation goal unless the proposer meets the good faith outreach exception in Section 14B.8.(B). See example in Section 1.02A.2. The LBE subconsultant participation goal can only be met with CMD certified Small and Micro-LBES.

For a directory of certified LBEs, please go to:

<http://www.sfgov.org/cmd>

Proposals that do not meet the LBE subconsultant participation goal set under 14B.8(A) of the Ordinance will be rejected as non-responsive unless the CMD Director finds that the proposer diligently undertook good faith efforts required by the Ordinance and that the failure to meet the goal resulted from an excusable error.

- B. Proposers must identify on Form 2A the particular LBE subconsultants and lower tier subconsultants to be utilized in performing the contract, specifying for each the percentage of participation, the type of work to be performed and such information as the CMD reasonably shall require to determine the responsiveness of the proposal. For a proposer to receive credit toward the LBE subconsulting participation goal, a listed LBE subconsultant must be CMD certified in the scopes of work/trade(s) specified on Form 2A.

The proposer must contact LBE subconsultants prior to listing them. LBEs must be certified with CMD on the proposal due date to receive LBE subconsulting credit. Listing an LBE that is not certified at the date and time the proposal is due will result in the loss of credit for that LBE subconsultant and may result in a non-responsive proposal.

Additionally, subconsultants may be listed by more than one proposer.

- C. A subconsultant that has a certification application pending, that has been denied certification, that has had its certification revoked or that is in the process of appealing a CMD denial or revocation at the date and time the proposal is due is not an LBE and cannot be counted as an LBE for purposes of



achieving LBE subconsultant participation goal even if the firm is later certified or ultimately prevails in its appeal.

- D. CMD may require the successful proposer to submit performance reports on actual LBE participation at 30%, 50%, 70%, and 90% completion to the Contracting Awarding Authority and CMD.
- E. Determination and calculation of LBE subconsultant participation:
1. The Small and/or Micro LBE subconsultant shall be listed to perform a specific task(s), which is described in the RFP or RFQ.
 2. If the Small and/or Micro-LBE subconsultant forms a joint venture with a non-LBE subconsultant, the Small and/or Micro-LBE subconsultant joint venture partner will be credited only for its portion of the work, as follows:

EXAMPLE:

If the total subcontract amount = \$ 1,000,000 of which
\$510,000 is the Small and/or Micro-LBE JV subcontract amount and \$490,000 is the non-LBE subcontract amount, then \$510,000 is credited toward the LBE subconsultant participation goal.

3. All work done by lower-tier Small and/or Micro-LBE subconsultants will be credited toward meeting the goal.

EXAMPLE:

If the total subcontract amount = \$1,000,000,
of which \$200,000 is the lower-tier Small and/or Micro-LBE subconsultant's portion,
then \$200,000 is credited toward the LBE subconsultant participation goal.

4. If a Proposer owns or controls more than one business that is CMD certified as a Small and/or Micro-LBE, the proposer will not receive credit if it lists its other firms to meet the LBE subconsultant participation goal when submitting as a prime. In determining ownership of a business, a business owned by proposer's spouse or domestic partner shall be deemed to be owned by the proposer.
5. It is the responsibility of the proposer to verify the subconsultant's LBE certification status.
6. A Small and/or Micro-LBE subconsultant must be certified in the type of work that the Proposer lists the firm for on CMD Form 2A.
7. The Small and/or Micro-LBE subconsultant must be utilized on the contract to perform a commercially useful function. No credit will be given for a LBE that serves as a pass-through.
8. A Small and/or Micro-LBE Prime proposer must meet the LBE subconsultant participation goal. A Small and/or Micro LBE Prime proposer may not count its participation towards meeting the LBE subconsultant participation goal.
9. A Small and/or Micro-LBE Prime proposer may count its participation towards meeting the good faith outreach exception set forth in 14B.8(B).



F. Substitution, removal, or contract modification of LBE:

No LBE subconsultant listed on Form 2A shall be substituted, removed from the contract or have its contract, purchase order or other form of agreement modified in any way without prior CMD approval. Additionally, no new subconsultants shall be added without prior CMD approval.



PART IV NON-DISCRIMINATION REQUIREMENTS

4.01 GENERAL

As a condition of contract award, Consultants and subconsultants shall comply with the nondiscrimination in employment provisions required by Chapter 12B of the Administrative Code.

4.02 NONDISCRIMINATION PROVISIONS

- A. Prior to the award of the contract, the consultant must agree that it does and will not, during the time of the contract or any contract amendment, discriminate in the provision of benefits between its employees with spouses and employees with domestic partners.
- B. The consultant and subconsultants on this contract will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, national origin, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or AIDS/HIV status, weight, height, or association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under this chapter. Discrimination on the basis of sex includes sexual harassment as defined in Section 16.9-25(b) of this Code. The Consultant, Contractor or Subconsultant/Subcontractor will take action to ensure that applicants are employed, and that employees are treated equally during employment, without regard to the fact or perception of their race, color, creed, religion, ancestry, national origin, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height, or AIDS/HIV status. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship.

C. Non-Compliance with Chapter 12B Prior to Contract Award

The consultant and any subconsultants must be in compliance with the nondiscrimination provisions of Chapter 12B, on all existing City contracts prior to award of this contract.

Prior to the award of any City contract, the HRC has the authority to review the consultant's and subconsultant's prior performance to ensure compliance with the nondiscrimination provisions of Chapter 12B.

If the HRC determines that there is cause to believe that a consultant or subconsultant is not in compliance with the nondiscrimination provisions of Chapter 12B, the HRC shall notify the contract awarding authority and attempt to resolve the non-compliance through conciliation.

- 1. If the non-compliance cannot be resolved, the HRC shall submit to the consultant or subconsultant and the contract awarding authority a written Finding of Non-compliance.
- 2. The HRC shall give the consultant or subconsultant an opportunity to appeal the Finding.
- 3. The HRC may stay the award of any contract to a consultant where the consultant or any subconsultant is the subject of an investigation by written notice to the contract-awarding agency.

D. Complaints of Discrimination after Contract Award

- 1. A complaint of discrimination in employment initiated by any party after contract award shall be processed in accordance with the HRC Rules of Procedure, adopted pursuant to Chapter 12B of the San Francisco Administrative Code.
- 2. A finding of discrimination may result in imposition of appropriate sanctions, including:



- a. There may be deducted from the amount payable to the consultant or subconsultant under this contract a penalty of \$50 for each person for each calendar day the person was discriminated against in violation of the provisions of the contract.
- b. The contract may be canceled, terminated or suspended in part by the contract awarding authority.
- c. The consultant, subconsultant or vendor may be determined ineligible to perform work or supply products on any City contract for a period not to exceed two years.



FORM 2A: CMD CONTRACT PARTICIPATION FORM

Section 1: This form must be submitted with the proposal or the proposal may be deemed non-responsive and rejected. Prime Proposer, each Joint Venture Partner, Subconsultants, Vendors, and lower sub tiers must be listed on this form. Only CMD certified Small and/or Micro-LBEs can be used to meet the LBE subconsultant participation goal unless the RFP allows for SBA-LBE subconsultants to count towards the LBE participation goal. A Small and/or Micro- LBE Prime proposer/JV with LBE participation must meet the LBE subconsultant goal. A Small and/or Micro-LBE Prime proposer/JV with LBE participation may not count its participation towards meeting the LBE subconsultant participation goal. Be sure to check box for Rating Bonus. If more space is needed, attach additional copies of this form. This form is also completed and submitted for all contract modifications which exceed the original contract amount by more than 20%.

Contract:		RATING BONUS	
		<input type="checkbox"/> LBE 10%	<input type="checkbox"/> Joint Venture 7.5%
Firm:		<input type="checkbox"/> Joint Venture 5%	<input type="checkbox"/> Joint Venture 10% (LBEs ONLY)
Contact Person:		<input type="checkbox"/> No Rating Bonus Requested	
Address:		LBE Goal %	
City/ZIP			
Phone			

*Type: Identify if prime (P), JV partner (J), Subconsultant (S), or Vendor (V)

TYPE *	Firm	PORTION OF WORK (describe scope(s) of work)	% OF WORK	INDICATE LBE YES/NO	If an LBE, Identify MBE, WBE, or OBE **	% OF LBE SUBWORK
			%			%
			%			%
			%			%
			%			%
Total % of Work: 100%				Total LBE Subconsulting%		%

I declare, under penalty of perjury under the laws of the State of California, that I am utilizing the above Consultants for the portions of work and amounts as reflected in the Proposal for this Contract.

Owner/Authorized Representative (Signature): _____ Date: _____

Print Name and Title: _____

** MBE = Minority Business Enterprise, WBE = Women Business Enterprise, OBE = Other Business Enterprise. See CMD website: <http://sfgov.org/cmd> for each firm's status.



Section 2. Prime Proposer, Joint Venture Partners, Subconsultant, and Vendor Information

Provide information for each firm listed in Section 1 of this form. Firms which have previously worked on City contracts may already have a vendor number. Vendor numbers of LBE firms are located in the CMD LBE website at <http://sfgov.org/cmd>. Use additional sheets if necessary.

FIRM NAME:	_____	VENDOR #:	_____
ADDRESS:	_____	FEDERAL ID #:	_____
CITY, ST, ZIP:	_____	PHONE:	_____
SERVICE:	_____	FAX:	_____

FIRM NAME:	_____	VENDOR #:	_____
ADDRESS:	_____	FEDERAL ID #:	_____
CITY, ST, ZIP:	_____	PHONE:	_____
SERVICE:	_____	FAX:	_____

FIRM NAME:	_____	VENDOR #:	_____
ADDRESS:	_____	FEDERAL ID #:	_____
CITY, ST, ZIP:	_____	PHONE:	_____
SERVICE:	_____	FAX:	_____

FIRM NAME:	_____	VENDOR #:	_____
ADDRESS:	_____	FEDERAL ID #:	_____
CITY, ST, ZIP:	_____	PHONE:	_____
SERVICE:	_____	FAX:	_____

FIRM NAME:	_____	VENDOR #:	_____
ADDRESS:	_____	FEDERAL ID #:	_____
CITY, ST, ZIP:	_____	PHONE:	_____
SERVICE:	_____	FAX:	_____

FIRM NAME:	_____	VENDOR #:	_____
ADDRESS:	_____	FEDERAL ID #:	_____
CITY, ST, ZIP:	_____	PHONE:	_____
SERVICE:	_____	FAX:	_____



FORM 2B: "GOOD FAITH OUTREACH" REQUIREMENTS FORM

This "Good Faith Outreach" form, along with the required supporting documentation must be completed and submitted per the instructions in this form **EVEN IF** the LBE subconsulting participation goal has been met (*Section 14B.8 of the San Francisco Administrative Code*). Proposers may obtain a list of certified LBEs from the CMD website: <http://www.sfgov.org/cmd>.

SECTION A

Under Section 14B.8(B) of the Administrative Code, the good faith outreach exception states that if a proposer demonstrates total LBE participation that exceeds by 35% the established LBE subconsultant participation goal for the project, the proposer is not required to conduct good faith outreach efforts or to submit evidence of good faith outreach efforts. Note that a Small or Micro-LBE prime proposer may count its own Contract Work toward the 35% good faith outreach exception. Please see example in CMD Attachment 2, Section 1.02A.2.

Does your proposal demonstrate that you have exceeded the established LBE subconsultant participation goal by 35% or more in accordance with Section 14B.8(B)? YES* NO

If the answer is yes, please check "YES", above, and complete Section C (if applicable) and Section D of this Form. If the answer is no, please check "NO", above, and complete Sections B and D of this Form, and submit all required supporting documentation in accordance with the instructions in Section B.

* Note: An answer of "YES", above, is subject to verification by CMD. If the CMD determines that proposer did not exceed the LBE subconsultant participation goal by at least 35% and proposer either failed to undertake adequate good faith outreach efforts or failed to submit supporting documentation with its proposal as required by Section B, items 2 and 4, below, then proposer's proposal shall be declared non-responsive **AND INELIGIBLE FOR CONTRACT AWARD**.

NOTE: "LBE" REFERS TO SMALL AND MICRO-LBES ONLY, UNLESS THE RFP ALLOWS FOR SBA-LBE SUBCONSULTANTS TO COUNT TOWARDS THE LBE PARTICIPATION GOAL.

SECTION B

All proposers that do not qualify for the good faith outreach exception set forth in Section 14B.8(B) of the Administrative Code must complete this Section B and submit supporting documentation as required.

A proposer must achieve at least 80 points, as determined by CMD, to be deemed compliant with the "good faith outreach" requirements. A proposer who fails to achieve at least 80 points will be declared non-responsive, and the proposal will be rejected. Please check yes or no for each item listed below.

1. Did your firm attend the pre-proposal meeting scheduled by the City to inform all proposers of the LBE program requirements for this project? If the City does not hold a pre-proposal meeting, all proposers will receive 15 points.	<input type="checkbox"/> Yes (15 Points)	<input type="checkbox"/> No (0 Points)
2. Did your firm advertise, not less than 10 calendar days before the due date of the proposal, in one or more daily or weekly newspapers, trade association publications, LBE trade oriented publications, trade journals, or other media, such as: Small Business Exchange, or the Bid and Contracts Section of the Office of Contract Administration's website (http://mission.sfgov.org/OCABidPublication/)? If so, please enclose a copy of the advertisement . <i>The advertisement must provide LBEs with adequate information about the project.</i> If the City gave public notice of the project less than 15 calendar days prior to the proposal due date, no advertisement is required, and all proposers will receive 10 points.	<input type="checkbox"/> Yes (10 points)	<input type="checkbox"/> No (0 Points)



<p>3. Did your firm identify and select work types (as categorized in CMD's LBE Directory) to meet the LBE subconsultant participation goal? If so, please identify the work types below:</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p><input type="checkbox"/> Yes (10 points)</p>	<p><input type="checkbox"/> No (0 Points)</p>
<p>4. Did your firm contact LBE firms (LBE firms include MBEs, WBEs and OBEs) for the identified work types (see #3 above), not less than 10 calendar days prior to the due date of the proposal? If so, <u>please include documentation (i.e. phone logs, emails, faxes, etc.) to verify that contacts were made.</u> The purpose of contacting LBE firms is to provide notice of interest in proposing for this project.</p> <p>A proposer who contacts those LBE firms certified in the identified work types, not less than 10 calendar days prior to due date of the proposal, will receive up to 45 points. If a proposer does not comply with paragraphs a. & b. below, one point will be deducted for each LBE firm within each identified work type that is not contacted.</p> <p>a. If there are less than 25 firms within an identified work type, a proposer should contact all of them.</p> <p>b. If there are 25 or more firms within an identified work type, a proposer should notify at least 25 firms within such identified work type.</p> <p>If a proposer does not contact any LBE firms, the proposer will receive no points. When contacting LBEs, you should provide adequate information about the project. If the City gave public notice of the project less than 15 calendar days prior to the proposal due date, the allocation of points above still applies, except that the proposer may contact those LBE firms certified in the identified work types less than 10 calendar days prior to the due date of the proposal.</p>	<p><input type="checkbox"/> Yes (Up to 45 points)</p>	<p><input type="checkbox"/> No (0 Points)</p>
<p>5. Did your firm follow-up and negotiate in good faith with interested LBEs? If so, <u>please include documentation (i.e. phone logs, emails, faxes, etc.) to verify that follow-up contacts were made.</u> If applicable, your follow-up contact with interested LBEs should provide information on the City's bonding and financial assistance programs. For each interested LBE firm that the proposer does not follow-up with, a point will be deducted.</p> <p>A proposer who does not perform any follow-up contact with interested LBEs will receive no points.</p> <p>**Interested LBE" shall mean an LBE firm that expresses interest in being a subconsultant to the proposer.</p>	<p><input type="checkbox"/> Yes (Up to 20 points)</p>	<p><input type="checkbox"/> No (0 Points)</p>
<p>6. A proposer shall submit the following documentation with this form:</p> <p>(1) Copies of all written proposals submitted, including those from non-LBEs;</p> <p>(2) If oral proposals were received, a list of all such proposals, including those from non-LBEs. The work type and dollar amounts for each such proposal must be specified; and</p> <p>(3) A full and complete statement of the reasons for selection of the subconsultants for each work type. If the reason is based on relative qualifications, the statement must address the particular qualification at issue.</p>		



SECTION C

If a Small or Micro-LBE prime proposer checks "YES" in Section A, above, and is relying on self-performed Contract Work to meet the 35% good faith efforts outreach exception, such Small or Micro-LBE prime proposer must indicate the total value of Contract Work that proposer will perform with its own forces in the space below:

 % of work

SECTION D

Contract Name: _____

Contract No.: _____

Signature of Owner/Authorized Representative: _____

Owner/Authorized Representative (Print): _____

Name of Firm (Print): _____

Title and Position: _____

Address, City, ZIP: _____

E-mail: _____

Date: _____



FORM 3: CMD COMPLIANCE AFFIDAVIT

1. I will ensure that my firm complies fully with the provisions of Chapter 14B of the San Francisco Administrative Code and its implementing Rules and Regulations and attest to the truth and accuracy of all information provided regarding such compliance.
2. Upon request, I will provide the CMD with copies of contracts, subcontract agreements, certified payroll records and other documents requested so the HRC and CMD (as applicable) may investigate claims of discrimination or non-compliance with either Chapter 12B or Chapter 14B.
3. I acknowledge and agree that any monetary penalty assessed against my firm by the Director of the Contract Monitoring Division shall be payable to the City and County of San Francisco upon demand. I further acknowledge and agree that any monetary penalty assessed may be withheld from any monies due to my firm on any contract with the City and County of San Francisco.
4. I declare and swear under penalty of perjury under the laws of the State of California that the foregoing statements are true and correct and accurately reflect my intentions.

Signature of Owner/Authorized Representative: _____

Owner/Authorized Representative (Print) _____

Name of Firm (Print) _____

Title and Position _____

Address, City, ZIP _____

Federal Employer Identification Number (FEIN): _____

Date: _____



FORM 4: CMD JOINT VENTURE FORM

This form must be submitted ONLY if the proposer is requesting a Joint Venture partnership with a Small and/or Micro-LBE firm for the rating bonus. The Joint Venture partners must submit a joint venture agreement and management plan with the proposal. All work must be accounted for including subconsulting work.

SECTION 1: GENERAL INFORMATION

1. Name of Contract or Project:

2. Name of all JV partners: (Check LBE if applicable)

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

3. Attach a copy of Joint Venture Agreement and Management plans.

4. The management plan must include the following information:

- a. Describe in detail how decisions will be made for work distribution and compliance of Small and/or Micro-LBE Joint Venture participation.
- b. Provide each Joint Venture partner's specific duties and responsibilities (include organizational chart)
- c. Identify the Location of Joint Venture Office.
- d. Provide in detail how decision will be made for work distribution to Small and /or Micro-LBE subconsultants and/or vendors.
- e. Submit copies of bank signature cards with authorized names, titles, and address/city of the bank (required after award of contract.)

5. Calculation of the Rating Bonus. See §2.02D of CMD Attachment 2 for an example.

If the joint venture partners are dividing the work according to a different formula than that described below, please contact CMD staff and describe the arrangement in detail prior to submittal of proposal.

Joint venture partners are encouraged to meet with CMD regarding their joint venture prior to submitting their proposal.

The rating bonus is awarded based on the Small and/or Micro-LBE JV partner tasks calculated as a percentage of the total JV partner tasks.

Step 1. Calculate total JV partner tasks.

Total Contract Tasks	=	100%
Percentage of Total Work to be Performed by Subconsultants	-	%
Percentage of JV partner tasks	=	%



Step 2. Calculate Small and/or Micro-LBE JV partner tasks:

Description of JV partner Scopes of Work (Specific details of work)	A JV Partners' Work as a % of the total project	B % of Task by Non-LBE JV Partner	C % of Task by Small and/or Micro-LBE JV Partner
	%	%	%
	%	%	%
	%	%	%
	%	%	%
	%	%	%
TOTAL JV %	%	%	%

Step 3. Calculate Small and/or Micro-LBE JV partner work as a percentage of the total JV partner work for the rating bonus.

Total Small and/or Micro-LBE JV Partner %		÷	Total JV %		=	%
--	--	---	------------	--	---	---

JOINT VENTURE PARTNERS MUST SIGN THIS FORM

 Owner/Authorized Representative (Signature)

 Owner/Authorized Representative (Signature)

 Name and Title (Print)

 Name and Title (Print)

 Firm Name

 Firm Name

 Telephone Date

 Telephone Date



FORM 7: CMD PROGRESS PAYMENT FORM

FOR REFERENCE ONLY. To be submitted electronically using the LBEUTS. FOR INFORMATION VISIT WWW.SFGOV.ORG/LBEUTS.

To be completed by Consultant and submitted to the Contract Awarding Authority and CMD with its monthly progress payment application (transmit to the following):

TRANSMITTAL

TO: Project Manager/Designee COPY TO: CMD Contract Compliance Officer
 Firm: _____ Date: _____

SECTION 1. Fill in all the blanks

Contract Number: _____ Contract Name: _____
 Reporting Period From: _____ To: _____ Progress Payment No: _____

The information submitted on Sections 1 and 2 of this form must be cumulative for the entire contract as opposed to individual task orders. Additionally, the information submitted on Sections 1 and 2 of this form must be consistent. See next page for Section 2.

1. Original Contract Award Amount:	\$
2. Amount of Amendments and Modifications to Date:	\$
3. Total Contract to Date including Amendments and Modifications (Line 1 + Line 2):	\$
4. Sub-total Amount Invoiced this submittal period: Professional Fees	\$
5. Sub-total Amount Invoiced this submittal period: Reimbursable Expenses	\$
6. Gross Amount Invoiced this submittal period (Line 4 + Line 5):	\$
7. All Previous Gross Amounts Invoiced:	\$
8. Total Gross Amounts of Progress Payments Invoiced to Date (Line 6 + Line 7):	\$
9. Percent Completed (Line 8 ÷ Line 3):	%

Consultant, including each joint venture partner, must sign this form.

 Owner/Authorized Representative (Signature)

 Name (Print)

 Title (Print)

 Firm Name

 Telephone Fax

 Date

 Owner/Authorized Representative (Signature)

 Name (Print)

 Title (Print)

 Firm Name

 Telephone Fax

 Date



SECTION 2. For column "A", list the Prime Consultant, each joint venture partner and ALL subconsultants and vendors including 2nd and 3rd tier subconsultants. Make copies if more space is needed. Prime Consultant must retain copies of all the prime and subconsultant invoices supporting the information tabulated for this progress payment. CMD reserves the right to request and review this information up to three (3) years following project completion and, upon request, Prime Consultant shall submit the requested information to CMD within 10 business days.

Notes: 1) ALL firms must be CONTINUOUSLY listed on column "A" regardless if a firm is not requesting payment and

2) Failure to submit all required information may lead to partial withholding of progress or final payment.

Identify LBE Goal of this contract: %

A	B	C	D	E	F	G	H
Name of Firm. List prime consultant, including each JV partner, and all subconsultants including lower tier LBEs. Indicate if the firm is an LBE.	Service Performed	Amount of Contract or Purchase Order at Time of Award	Amount of Modifications to Date	Total Amount of Contract or Purchase Order to Date +/- Modifications (C + D) or (C-D)	Amount Invoiced this Reporting Period	Amount Invoiced to Date, including Amount Invoiced this Reporting Period (F).	Percent Complete to Date (G+E)
							%
							%
							%
							%
							%
							%
							%
LBE Sub-Totals							%
Professional Fees							
Reimbursable Expenses							%
CONTRACT TOTALS							%



FORM 9: CMD PAYMENT AFFIDAVIT

FOR REFERENCE ONLY. To be submitted electronically using the LBEUTS. FOR INFORMATION VISIT WWW.SFGOV.ORG/LBEUTS.

Consultant or Joint Venture partners must submit this form to the Contract Awarding Authority and CMD within ten (10) working days following receipt of each progress payment from the Contract Awarding Authority. This form must be submitted EVEN if there is no sub payment of this reporting period and until completion of the contract.

TO: Project Manager/Designee

COPY TO: CMD Contract Compliance Officer

Firm: _____

Date: _____

List the following information for each progress payment received from the Contract Awarding Authority. Use additional sheets to include complete payment information for all subconsultants and vendors (including lower tiers utilized on this Contract. Failure to submit all required information may lead to partial withholding of progress payment.

Contract Number: _____ Contract Name: _____

Contract Awarding Department: _____

Progress Payment No.: _____ Period Ending: _____

Amount Received: \$ _____ Date: _____ Warrant/Check No.: _____

Check box and sign below if there is no sub payment for this reporting period.

Subconsultant/Vendor Name	Business Address	Amount Paid	Payment Date	Check Number
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		

I/We declare, under penalty of perjury under the laws of the State of California that the above information is complete, that the tabulated amounts paid to date are accurate and correct.

Prime consultant, including each joint venture partner, must sign this form (use additional sheets if necessary)

 Owner/Authorized Representative (Signature)

 Owner/Authorized Representative (Signature)

 Name (Print) Title

 Name (Print) Title

 Firm Name

 Firm Name

 Telephone Date

 Telephone Date



FORM 8: CMD EXIT REPORT AND AFFIDAVIT

Prime Consultant must complete and sign this form (Sections 1 and 4) for each LBE subconsultant (incl. lower tier LBEs). All LBEs must complete and sign Sections 2 and 3 of this form. These forms should be submitted to the Contract Awarding Authority with the final progress payment request.

TRANSMITTAL

TO: Project Manager/Designee COPY: CMD Contract Compliance Officer
 FROM (Consultant): _____ Date Transmitted: _____

SECTION 1. Please check this box if there are no LBE subconsultants for this contract:

Reporting Date: _____ Contract Name: _____
 Name of LBE: _____ Portion of Work (Trade): _____
 Original LBE Contract Amount: \$ _____
 Change Orders, Amendments, Modifications \$ _____
 Final LBE Contract Amount: \$ _____
 Amount of Progress Payments Paid to Date: \$ _____
 Amount Owning including all Change Orders, Amendments and Modifications \$ _____

Explanation by Consultant if the final contract amount for this LBE is less than the original contract amount:

SECTION 2. Please check one:

- I did NOT subcontract out ANY portion of our work to another subcontractor.
 I DID subcontract out our work to:

Name of Firm: _____ Amount Subcontracted: \$ _____
 Name of Firm: _____ Amount Subcontracted: \$ _____

SECTION 3.

To be signed by the LBE Subconsultant or vendor:

- I agree I disagree

Explanation by LBE if it is in disagreement with the above explanation, or with the information on this form. LBE must complete this section within 5 business days after it has received it from the Prime. It is the LBE's responsibility to address any discrepancies within 5 business days concerning the final amount owed. If the LBE fails to submit the form within 5 business days, the Prime will note this on the form and submit the form as is with the final progress payment:

Owner/Authorized Representative (Signature) _____ Name and Title (Print) _____
 Firm Name _____ Telephone _____ Date _____



SECTION 4.

If this form is submitted without the LBE's signature, the Prime must enclose verification of delivery of this form to the subconsultant.

I declare, under penalty of perjury under the laws of the State of California, that the information contained in Section 1 of this form is complete, that the tabulated amounts paid to date are accurate and correct, and that the tabulated amounts owing will be paid within three (3) days after receipt of the City's final payment under the Contract.

Owner/Authorized Representative (Signature)

Name and Title (Print)

Firm Name

Telephone

Date



FORM 10: CMD CONTRACT MODIFICATION FORM

Consultant must submit this form with the required supporting documentation when processing amendments, modifications or change orders that cumulatively increase the original contract amount by more than 20%, and then for all subsequent amendments, modifications or change orders. This form must be completed prior to the approval of such amendments, modifications or change orders.

Name of Project/Contract Title: _____

Original Contract Amount: _____

Contract Amount as Modified to Date: _____

Amount of Current Modification Request: _____

REQUIRED ATTACHMENTS:

1. Revised Form 2A reflecting the new overall contract amounts for the prime consultant, joint venture partners, subconsultants, and vendors.
2. A list of all prior contract amendments, modifications, supplements and/or change orders leading up to this modification, including those leading up to the amendment which increased the original contract amount by more than 20%.
3. A spreadsheet showing each firm's participation for the overall contract, including each firm's participation to date and proposed participation under the modification.
4. A brief description of the work to be performed under this amendment, modification, or change order.

Owner/Authorized Representative (Signature)	
Name (Print)	Title
Firm Name	
Telephone	Date

Owner/Authorized Representative (Signature)	
Name (Print)	Title
Firm Name	
Telephone	Date

**REQUEST FOR PROPOSALS FOR
SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT
FOR MARKET-RATE RENTAL HOUSING, TREASURE ISLAND**

Attachment C

CCSF Administrative Requirements

CITY'S ADMINISTRATIVE REQUIREMENTS (LINKS TO FORMS)

- The City can only do business with Respondents that have fulfilled the City's requirements.
- The City may only evaluate and pre-qualify responses from Respondents that at the time of response submission have already fulfilled the administrative requirements for doing business with the City. Responses that fail to meet this requirement may be deemed non-responsive.
- Fulfillment of this requirement will be verified prior to presenting responses to the Evaluation Team. Fulfillment is defined as completion, submission to the Treasure Island Development Authority (the "Authority") and approval by applicable City agencies (Human Rights Commission, Treasurer/Tax Collector, Office of Contract Administration, Risk Management, etc.) of these forms.
- To help us help you, please send all of these forms directly to the Authority Contact below. We will inform you if your firm needs to complete documentation requirements directly with other City agencies.

HOW TO RESPOND TO THIS ATTACHMENT

NEW TO CITY BUSINESS?

If your firm has never done business with the City before, please review, complete and submit the forms referenced and linked here as soon as possible and in advance of your response submission to the Contact listed below.

NOT YOUR FIRST TIME DOING BUSINESS WITH THE CITY?

Even if your firm has done business with the City before, it is best to check on the status of your completion of the City's requirements with the Contact listed below to ensure your firm is not precluded from contract award based on outstanding administrative requirement issues. Please be sure that your firm has fulfilled all City requirements as defined in the third bullet point above.

CONTACT

Contact Peter Summerville, Treasure Island Development Authority at 415.274.0660 or at Peter.Summerville@sfgov.org for information and assistance on meeting these requirements.

CITY'S ADMINISTRATIVE REQUIREMENTS (LINKS TO FORMS)

FORMS AND REQUIREMENTS

http://www.sfgov.org/site/oca_page.asp?id=26550

- A. **Vendor Profile Application** – establishes basic vendor information
Vendor Profile Application Instructions
Commodity Codes for Reference in Filling Out Application

- B. **IRS Form W-9** – establishes federal and state tax status
<http://www.irs.gov/pub/irs-pdf/fw9.pdf>

- C. **Business Tax Declaration** – establishes San Francisco business tax status
http://www.sfgov.org/site/oca_page.asp?id=26550#P-25
Note that based on how this declaration is filled out, Respondents may be required to additionally register for a business tax certificate and pay business taxes. See instructions on the Declaration form.

- D. **HRC Form 12B-101 (Declaration: Nondiscrimination in Contracts and Benefits)** – establishes determination of how Respondent provides benefits to employees with spouses and to employees with domestic partners.
http://www.sfgov.org/site/sfhumanrights_index.asp?id=4584
Note that this form and documentation of benefits should be discussed directly with the Human Rights Commission, as the determining authority. Please contact the Human Rights Commission at 415-252-2500 for assistance.

- E. **Minimum Compensation Ordinance Declaration**
http://www.sfgov.org/site/uploadedfiles/olse/mco/MCO_DeclarationForm07-05.pdf

More information: http://www.sfgov.org/site/olse_index.asp?id=27459

- F. **Health Care Accountability Ordinance Declaration**
http://www.sfgov.org/site/uploadedfiles/olse/hcao/HCAO_DeclarationForm07-05.doc

More information: http://www.sfgov.org/site/olse_index.asp?id=27461

- G. **Insurance**
Fulfillment of the City's insurance requirements is **not required as part of your response.** However, fulfillment prior to contract award is required.

The City is self-insured, so at minimum per the City's standard insurance requirements, it will need to be added to a contractor's General Liability and Auto Liability policies as an additional insured. The City needs a formal endorsement showing that the primary insured's policies have been amended to specifically add "the City and County of San Francisco, its officers, agents and employees" as an additional insured. The General and Auto Liability policy number(s) should appear on the endorsement.

**REQUEST FOR PROPOSALS FOR
SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT
FOR MARKET-RATE RENTAL HOUSING, TREASURE ISLAND**

Attachment D

Draft Sublease and Property Management Agreement for Market-Rate Rental
Housing on Treasure and Yerba Buena Islands

[3.7.14 draft]

SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

Between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY
as Sublandlord

and

as Subtenant and Manager

For up to 578 Housing Units at Former Naval Station Treasure Island
San Francisco, California

July 1, 2014

TREASURE ISLAND AGREEMENT

1. PREMISES
1.1. Premises
1.2. As is Condition of Premises.....
2. COMPLIANCE WITH MASTER LEASE
2.1. The Authority's Compliance with Master Lease
2.2. Subtenant's Compliance with Master Lease
2.3. Automatic Termination
2.4. Purchase of Premises by Authority
3. TERM
3.1. Terms of Agreement.....
3.2. Options
4. WORK TO BE COMPLETED BY SUBTENANT.
4.1. Scope of the Work
4.2. Cost of the Work
4.3. Election Not to Proceed with Renovations
4.4. Construction of Other Alterations
4.5. Ownership of Alterations
4.6. Subtenant's Personal Property
5. USE
5.1. Subtenant's Permitted Use
5.2. No Unlawful Uses, Nuisances or Waste
5.3. Signs
5.4. Zoning
5.5. Covenant of Quiet Enjoyment; Ingress and Egress
6. SUBTENANT'S MARKETING RESPONSIBILITIES
6.1. Marketing.....
7. SUBTENANT'S LEASING AND RELOCATION RESPONSIBILITIES
7.1. Leasing
7.2. Application Process and Screening.....
7.3. Rental Agreements
7.4. Rental Rates
7.5. Grievance Procedures
7.6. Relocation of Tenants
8. MANAGEMENT, MAINTENANCE AND REPAIR RESPONSIBILITIES
8.1. General Maintenance and Repair Obligations
8.2. Routine Maintenance and Repair
8.3. Unanticipated and Emergency Maintenance and Repairs
8.4. Security
8.5. Subtenant's Responsibility for Utility Facilities
8.6. Management Fee
8.7. Base Repair and Maintenance
9. EMPLOYEES AND INDEPENDENT CONTRACTORS
9.1. On-Site Office
9.2. Personnel.
10. AUTHORITY'S SERVICE OBLIGATIONS
10.1. Utilities
10.2. Street Services
10.3. Police and Fire
10.4. Other Portions of the Base Leased to the Authority
10.5. Force Majeure
11. ACCOUNTS
11.1. General Operating Account

11.2. Security Deposit Account

11.3. Replacement Reserve Account

11.4. Criteria for Project Accounts

12. PAYMENT OF OPERATING EXPENSES

 12.1. Payment Of Operating Expenses

 12.2. Annual Operating Budget

 12.3. Bids, Discounts, Rebates, and Commissions

 12.4. No Authority Liability

13. DISBURSEMENTS

 13.1. Allocation of Gross Revenues

14. BOOKS, RECORDS AND REPORTS

 14.1. Books and Records

 14.2. Monthly Reports

 14.3. Subtenant's Annual Audit..

 14.4. Periodic Audits and Inspections of Records

 14.5. Transfer of Records and Accounts

15. RENT

 15.1. Base Rent

 15.2. Adjustments in Base Rent

 15.3. Percentage Rent

 15.4. In-Kind Rent

 15.5. Method of Payment of Rent

 15.6. Late Charge

 15.7. Default Interest

 15.8. No Right to Repair and Deduct.....

16. TAXES, ASSESSMENTS AND OTHER EXPENSES

 16.1. Taxes and Assessments, Licenses, Permit Fees and Liens

 16.2. Evidence of Payment

17. LIENS AND ENCUMBRANCES

 17.1. Mechanics Liens

 17.2. Encumbrances by Subtenant

18. COMPLIANCE WITH LAWS

 18.1. Compliance with Laws

 18.2. Regulatory Approvals

 18.3. Compliance with Authority's Risk Management Requirements

19. DAMAGE OR DESTRUCTION

 19.1. Damage or Destruction to the Premises Covered by Required Insurance

 19.2. Damage or Destruction to the Premises Not Covered by Required Insurance

 19.3. Rental Abatement.....

 19.4. Waiver

20. ASSIGNMENT AND SUBLETTING

 20.1. Restriction on Assignment and Subletting

21. DEFAULT

 21.1. Events Of Subtenant Default

 21.2. Authority Default

22. REMEDIES

 22.1. Authority's Remedies for Subtenant's Defaults

 22.2. Subtenant's Remedies for Authority Default..

23. RELEASE AND WAIVER OF CLAIMS

 23.1. Release and Waiver of Claims

 23.2. Covenant by the Authority Not to Sue

24. INDEMNIFICATION

 24.1. Subtenant's Indemnity

 24.2. Authority's Indemnity

24.3. Master Landlord's Section 330 Environmental Indemnity	
25. INSURANCE	
25 .1. Subtenant's Insurance	
25.2. General Requirements	
25.3. No Limitation on Indemnities	
25.4. Subtenant's Personal Property	
25.5. Waiver of Subrogation	
26. ACCESS BY Authority	
26.1. Access to Premises by Authority	
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TREASURE ISLAND SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

THIS SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT (the "**Agreement**"), dated July 1, 2014, is by and between the Treasure Island Development Authority, a California nonprofit public benefit corporation (the "**Authority**") and the _____, a _____ ("**Subtenant**"). From time to time, the Authority and Subtenant together shall be referred to herein as the "**Parties**".

This Agreement is made with reference to the following facts and circumstances:

A. Former Naval Station Treasure Island (the "**Base**" or "**Property**") was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510 and its subsequent amendments, and is currently owned by the United States of America, acting by and through the Department of Navy ("**Master Landlord**" or "**Navy**"). The United States Department of Defense designated the City and County of San Francisco ("**City**") as the Local Redevelopment Authority ("**LRA**") responsible for the conversion of the Base under the federal disposition process.

B. In 1997, the Base closed and the Authority was created by the City to replace the City as the LRA and to serve as a single entity responsible for the reuse and development of the Base.

C. Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "**Act**"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base, and (ii) with respect to those portions of the Base which are former tide or submerged lands, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property.

D. In 1998, the San Francisco Board of Supervisors ("**BOS**") approved the designation of the Authority as a redevelopment agency with powers over Treasure Island in Resolution No. 43-98, dated February 6, 1998. In 2012, by resolution No. 11-12, the BOS rescinded the designation of the Authority as a redevelopment agency under California Community Redevelopment Law, but such rescission did not affect the Authority's status as the LRA for Treasure Island or the tidelands trust trustee for the portions of Treasure Island subject to the tidelands trust, or any of the other powers or authority of the Authority. In 1999, the Navy and the Authority entered into a master lease dated March 17, 1999, with the associated estoppel certificate addressed to Subtenant (the "**Master Lease**"), as amended, [*note: the parties intend to amend the Master Lease to extend term*] a copy of which is attached hereto as Exhibit A. This Agreement shall be subject and subordinate to the Master Lease, as it may be amended from time to time.

E. The Authority began subleasing at market rates a portion of the former military housing now known as the Villages at Treasure Island through a lease with the John Stewart Company (the "**Original Villages Lease**"), and directly leasing space at the Base to a variety of commercial tenants. Upon the Effective Date of this Agreement, the Original Villages Lease will terminate.

F. There are approximately 1,000 units of housing on the Base, 904 on Treasure Island and 96 on Yerba Buena Island (the "**Base-Wide Housing Units**"). Approximately 578 of the Base-Wide Housing Units, as shown on Exhibits B (the "**Rentable Units**") are currently leased to residential sub-subtenants of Subtenant ("**residential tenants**"), and will be managed

and maintained under the terms and conditions of this Agreement in order to generate revenues for the operation and improvement of the Base.

G. Pursuant to the Federal Base Closure Community Redevelopment and Homeless Assistance Act of 1994, the Treasure Island Homeless Development Initiative ("TIHDI") and the City negotiated a Base Closure Homeless Assistance Agreement, as amended (the "TIHDI Agreement") and a revenue sharing and consent agreement (the "TIHDI Sharing Agreement"), under which TIHDI has the right to lease certain residential units at the Base (the "TIHDI Units") to assist homeless and formerly homeless individuals and families and to share in the collection of certain revenues at the Base in furtherance of its mission. Copies of these agreements are held by the Authority and have been delivered to Subtenant. Subtenant will be required to work in concert with TIHDI, as set forth in this Agreement.

H. In 2003, after a competitive bid process, the Authority Board selected Treasure Island Community Development, LLC ("TICD") as the proposed master developer of the Base. In 2011, the Authority and TICD entered into a Disposition and Development Agreement ("TICD DDA") and other transaction documents relating to the reuse and development of the Base (the "Project"). During the term of this Agreement, TICD and the Authority intend to implement the Project. Part of that implementation will require the relocation of residential tenants in accordance with the Transition Housing Rules and Regulations, as amended (the "THRRs"), attached hereto as Exhibit C.

I. On _____, 2014, the Authority issued a Request for Proposals ("RFP"), soliciting interest from qualified entities to provide the services under this Agreement. Subtenant was selected, and following a duly noticed public hearing, this Agreement was approved by the Authority Board of Directors and subsequently by the City's Board of Supervisors. [*insert resolution number and date*]

NOW THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the Authority and Subtenant hereby agree as follows:

1. PREMISES

1.1. Premises. Subject to the terms, covenants and conditions of this Agreement, the Authority hereby subleases to Subtenant, and Subtenant hereby accepts from the Authority, the premises, as more particularly described in Exhibit B (the "Premises"), together with reasonable rights of ingress and egress to and from the Premises. The Navy has issued a Finding of Suitability to Lease ("FOSL") all of the Premises, and TIHDI has consented to Subtenant's use of any TIHDI Units that are a part of the Premises as set forth in the TIHDI Sharing Agreement.

1.2. As Is Condition of Premises.

(a) Subtenant Investigation. Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through Subtenant's agents, affiliates, subsidiaries, licensees, contractors, subcontractors, and each of the persons acting by, through or under each of them, and their respective, legal representatives, successors and assigns ("Subtenant's Agents") of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant has determined, based on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges that it has received, reviewed and understands of the Seismic Report and the Structural Report referenced in below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

(b) As Is; Disclaimer of Representations. Without limiting any of the

Authority's obligations herein, Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, including the use, occupancy, management, operation and possession of the Premises ("**Laws**"). Subtenant acknowledges and agrees that the Premises, as renovated, must comply with the Federal Government's FEMA-178 seismic life safety standard as the same exist as of the date hereof Subtenant acknowledges and agrees that, except as expressly provided herein, neither the Authority nor any of the Authority's agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns ("**Authority's Agents**") have made, and, without limiting any of its obligations hereunder, the Authority hereby disclaims, any representations or warranties, express or implied, concerning (i) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report or the Structural Report, (ii) the quality, nature or adequacy of any utilities serving the Premises, (iii) the safety of the Premises, whether for the use of Subtenant, Subtenant's Agents, or any clients, customers, vendors, invitees, guests, or licensees of Subtenant, including residential tenants ("**Subtenant's Invitees**"), or (iv) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) Seismic Report and Structural Report. Subtenant expressly acknowledges for itself and Subtenant's Agents that it has received and read, and has had an adequate opportunity to review with expert consultants of its own choosing, the following: (i) that certain report dated August 1995, entitled "Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "**Seismic Report**"), a copy of the cover page of which is attached hereto as Exhibit D-1; and (ii) that certain Treasure Island Study, Seismic Evaluation of the 1440 Series Housing prepared by SOH and Associates, dated May 20, 1996, a copy of the cover page of which is attached hereto as Exhibit D-2 (the "**Structural Report**").

2. COMPLIANCE WITH MASTER LEASE

2.1. The Authority's Compliance with Master Lease. The Authority shall not do or permit to be done anything or fail to perform any obligation that would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord. The Authority shall not amend or modify the Master Lease in any material respect without Subtenant's prior written consent.

2.2. Subtenant's Compliance with Master Lease. Subtenant shall not do anything, permit anything to be done by its Agents or Invitees or fail to perform any obligation that would constitute a violation or a breach of any of the terms, conditions or provisions of Sections 4, 6.3, 8.1, 9, 11, 12.2, 12.6, 13 (other than 13.9 and 13.12), or 18.1 through 18.1.5 of the Master Lease.

2.3. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Agreement shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Agreement, except for liabilities and obligations which expressly survive termination of this Agreement and except as provided in Sections 21 and 22. As set forth in the Master Lease, the Navy has the right to remove some or all of the Premises, including Rental Units, from the Master Lease. Accordingly, for purposes of

this Section, the Master Lease shall be treated as terminated for the period, and with respect to the Rentable Units, that the Navy requires to be terminated or evacuated pursuant to Section 15 of the Master Lease.

2.4. Purchase of Premises by Authority. If the Authority acquires all, or any portion of, the Premises from the Master Landlord, this Agreement shall automatically become a direct lease of such portion of the Premises from the Authority to the Subtenant on the same terms and conditions as set forth herein. The Authority shall use good faith efforts to enforce, for the benefit of Subtenant, to the extent of Subtenant's interest in the Premises under this Agreement, all representations, warranties, indemnities and similar rights given by the Master Landlord to the Authority in connection with such acquisition.

3. TERM

3.1. Term of Agreement. The Premises are subleased for a term (the "**Term**") commencing on the date (the "**Commencement Date**") which is the latest of the dates on which (a) the Parties hereto and the Master Landlord have duly executed and delivered this Agreement, (b) the effective date of an Authority Board resolution approving this Agreement, in its sole discretion, and (c) the effective date of a City Board of Supervisors resolution approving this Agreement, in its sole discretion. The Term shall expire on the date (the "**Expiration Date**") that is four (4) years after the Commencement Date, unless sooner terminated or extended pursuant to the terms of this Agreement. The Authority shall deliver to Subtenant a notice substantially in the form of Exhibit E to confirm the actual Commencement Date and the Expiration Date, but the Authority's failure to do so shall not affect the commencement or expiration of the Term.

3.2. Extension Options. The Authority grants to Subtenant a two options to extend the Term as to the entire Premises only (each, an "**Extension Option**"), each for an additional three (3) years (each, an "**Extension Term**") commencing upon the Expiration Date (as extended by the first Extension Option, if applicable) upon the following terms and conditions. Subtenant may exercise an Extension Option at any time by written notice to the Authority delivered not later than one hundred eighty (180) days before the then-applicable Expiration Date. If an event of default by Subtenant is outstanding hereunder either at the time of Subtenant's exercise of an Extension Option or at any time before the first day of the Extension Term (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), then the Authority may elect by notice to Subtenant to reject Subtenant's exercise of the Extension Option, whereupon the previously delivered exercise notice shall be null and void. If Subtenant elects to exercise an Extension Option, then the lease for the Extension Term shall cover the entire Premises and shall be upon all of the terms, covenants and conditions of this Agreement.

4. WORK TO BE COMPLETED BY SUBTENANT

4.1. Scope of the Work. The existing Rentable Units are shown in Exhibit B. The Authority shall have the right to add additional rentable units to the Premises at any time, and upon such addition, the Parties shall update Exhibit B to include the added units. Upon any such addition and upon any vacancy of a Rentable Unit, Subtenant shall promptly perform the standard work required to prepare the Rentable Unit for occupancy, and cause the Rentable Unit to be in a condition consistent with the other Rentable Units in the Premises (the "**Work**"). The standard work shall be generally approved by the Authority's Director of Island Operations (the "**Director**") from time to time, and shall be consistent with the Capital Budget (as defined in Section 4.2). Subtenant shall perform the Work in a good and workmanlike fashion and in accordance with applicable Laws. The Rentable Units shall at all times remain the property of the Authority during the Term and, as any improvements or renovations are completed, title to

such improvements and renovations shall automatically vest in the Authority and be leased to Subtenant under this Agreement.

4.2. Cost of the Work. The estimated cost of the Work during each calendar year of the Term shall be shown in a budget prepared by Subtenant and approved by the Director (the "**Capital Budget**"). The Capital Budget for the first year of the Term is attached hereto as Exhibit F. Subtenant and the Director shall meet and confer to review the Capital Budget and the anticipated monthly renovation costs from time to time, and Subtenant shall inform the Director if it determines that the Capital Budget or the standard renovation cost must be increased to perform any Work. Subtenant must first obtain the written approval of the Director before performing any renovation that exceeds the standard renovation amounts approved by the Director, and before performing any Work during a calendar year that exceeds the amount set forth in Capital Budget for that year. Subtenant shall notify Director promptly upon any determination that the total cost of the Work paid to date together with the cost of Work reasonably anticipated to be incurred for the remainder of the year will exceed the total Capital Budget for that year.

4.3. Election Not to Proceed with Renovations. If Subtenant cannot perform any Work with respect to some or all of the Rentable Units or Buildings because the cost of the Work exceeds funds available under the Capital Budget, then Subtenant shall provide the Authority with written notice of such fact, which notice shall identify the Work that will not be performed and the estimated cost of such Work. In no event will Subtenant be required to perform Work for which funds are not available in the Capital Budget.

4.4. Construction of Other Alterations. Other than the Work, Subtenant may not and shall not be obligated to, construct, install, make or permit to be made any alterations, installations or additions ("**Alterations**") in, to or about the Premises, without the Director's prior written consent in each instance. Notwithstanding the foregoing, Alterations do not include and no such consent shall be required for maintenance and repair activities that are (i) required or contemplated hereunder, (ii) do not affect any structural portions of the Premises and (iii) are within any cost limitations otherwise provided herein or in any Annual Operating Budget (as defined in Section 12.2). All Alterations shall be done in accordance with plans and specifications reasonably approved in advance by the Director in writing, by duly licensed and bonded contractors or mechanics approved by the Director, in a good and professional manner, in compliance with all applicable Laws (including the payment of prevailing wages), and subject to all other conditions that the Authority may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Base, or any portion thereof, or the Authority's or Master Landlord's access thereto. Before the start of any Alterations, Subtenant shall procure all required permits and approvals and shall, upon request, promptly deliver copies of such documents to the Director. No material change from the plans and specifications approved by the Director may be made without the Director's prior consent. The Authority and the Authority's Agents shall have the right to inspect the work and construction at all times, provided such inspection and site visits shall not unreasonably disturb or interfere with the work or the residential tenants.

4.6. Ownership of Alterations. Except for Subtenant's Personal Property (as defined in Section 4.7), or as may be specifically provided to the contrary in this Agreement, all appurtenances, fixtures, improvements, equipment, additions, and other properly attached or affixed to or installed in the Premises at the Commencement Date or during the Term, including, without limitation, the Work and any other Alterations, shall be and remain the Authority's or the Master Landlord's property, as the case may be. Subtenant may not remove any such property at any time during or after the Term, unless replaced with property of at least comparable quality and utility, without the Director's prior written consent.

4.7. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment installed in the Premises by or for the account of Subtenant, that have not been paid for by the Authority through the use of Gross Revenues or otherwise, and that can be removed without structural or other material damage to the Premises (all of which are herein called "**Subtenant's Personal Property**") shall be and remain the property of Subtenant and may be removed by Subtenant subject to the provisions of Section 27. All property acquired with Gross Revenues, including any vehicles, will be transferred to the Authority upon the termination or expiration of this Agreement, and Subtenant agrees to provide a bill of sale or other evidence of the transfer of ownership upon request. The provisions of this Section shall survive the expiration or termination of this Agreement.

5. USE

5.1. Subtenant's Permitted Use. Subtenant shall use the Premises to operate, maintain, repair, and manage the Premises for residential housing in accordance with this Agreement, and for no other purposes.

5.2. No Unlawful Uses, Nuisances or Waste. Subtenant shall not use any portion of the Premises in any unlawful, illegal, offensive, noisy or hazardous manner (together, "**Nuisances and Hazards**") and shall use commercially reasonable efforts to prevent Subtenant's Invitees from committing any Nuisances and Hazards. Subtenant shall eliminate any Nuisances and Hazards relating to its activities and shall use commercially reasonable efforts to eliminate any Nuisances and Hazards related to the activities of Subtenant's Invitees.

5.3. Signs. Subtenant agrees that it will not erect or maintain, or knowingly permit to be erected or maintained, any signs, notices or graphics upon or about the Premises that are visible in or from any common areas of the Premises or from the exterior of the Rentable Units, without the Director's prior written consent.

5.4. Zoning. The Authority represents and warrants that, to the best of its knowledge, there currently exist no zoning or other Laws that would materially adversely affect Subtenant's use of the Premises as contemplated under this Agreement.

5.5 Covenant of Quiet Enjoyment: Ingress and Egress. Subject to the requirements of the Master Lease and the Navy's ongoing remediation, the Authority covenants and agrees that it shall not directly or indirectly interfere with or deprive Subtenant or Subtenant's Agents or Invitees of (i) their quiet enjoyment of the Premises for the uses permitted under this Agreement or (ii) reasonable ingress and egress to and from the Premises.

6. SUBTENANT'S MARKETING RESPONSIBILITIES

6.1. Marketing. Subtenant shall market the Rentable Units in accordance with industry custom and the Management Plan, and as otherwise directed by the Authority.

7. SUBTENANT'S LEASING AND RELOCATION RESPONSIBILITIES

7.1. Leasing. After Subtenant has completed the Work with respect to any given Rentable Units, Subtenant shall use commercially reasonable efforts to promptly enter into Rental Agreements (as defined in Section 7.3) with qualified residential tenants for such Rentable Units in accordance with the Marketing Plan. The Director may instruct Subtenant to keep Rentable Units vacant at any time so as to provide for available Rental Units to implement tenant relocations under the THRRs or to cooperate with the Navy's remediation program.

7.2. Application Process and Screening. Subtenant shall screen prospective residential tenants applications by applying customary credit and tenancy standards, all in accordance with the Marketing Plan. As set forth in Section 34.1, Subtenant shall not discriminate in the leasing of Rentable Units on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes. In addition, in the operation of the Project and the rental of any Rentable Units, the Subtenant shall not discriminate against prospective residential tenants using Section 8 certificates or vouchers or other tenant-based rental assistance, or other sources of income. Subject to the terms of Section 6.2, Subtenant shall also insure that Resident Tenant selection is carried out objectively and in accordance with industry standards.

7.3. Rental Agreements. Subtenant shall enter into rental agreements with all residential tenants in substantially the form of the rental agreement attached hereto as Exhibit G, as the same may be amended from time to time with the approval of the Director (the "**Rental Agreements**").

(a) All Rental Agreements shall be on a month-to-month tenancy, and subject to termination without cost or liability upon any termination of the Master Lease. All new rental agreements shall include a waiver of relocation rights and, where applicable, an acknowledgment of a tenant's post-DDA status per the THRRs. The Rental Agreements shall also include a waiver of any claims against Subtenant, the City and the Authority for any failure in the delivery of utility services.

(b) Subtenant shall be responsible for enforcing and shall take commercially reasonable actions to enforce the terms and conditions of all Rental Agreements, including, without limitation, (i) the collection of all such rents when due, (ii) the preparation and delivery to residential tenants of any appropriate late payment, default or other notices, (iii) the conducting of exit interviews and walk-throughs, and (iv) the prompt collection and timely disbursement of all security deposits. Without violating any privacy or other applicable Laws, Subtenant shall use commercially reasonable efforts to insure that all residential tenants comply with the terms and conditions of their respective Rental Agreements.

(c) Subject to Section 6.3, Subtenant shall receive complaints and use commercially reasonable efforts to resolve any complaints, disputes or disagreements by and between Subtenant and one or more residential tenants. Subtenant may retain counsel, collection agencies, and other such persons and firms as Subtenant shall deem appropriate (with the costs there of being included as an Operating Expense, subject to the overall Annual Operating Budget limitations) to enforce by legal action the rights and remedies of the Subtenant against any residential tenant in default in the performance of any of its obligations under a Rental Agreement, including, without limitation, taking action to terminate or evict any residential tenant where sufficient cause for such termination or eviction exists under the terms of such residential tenant's Rental Agreement.

7.4. Rental Rates. The rental rates for all Rentable Units have been set by the Authority at the rates described on the Rental Rate Schedule attached hereto as Exhibit H (the "**Approved Rates**"). The Approved Rates shall increase each year in amount determined by the Authority, with such permitted increases being assessed under the Rental Agreements. The rental rates may not be changed from the Approved Rates without the prior written consent of the Authority, except upon any vacancy, the Director and Subtenant may agree in writing to increase or decrease the rental rate of any Rentable Unit by no more than fifteen percent (15%) of the rental rate for such Rentable Unit provided for in the Approved Rates.

7.5. Grievance Procedures. Subtenant shall notify applicants of their eligibility status and advise any rejected or ineligible applicant of their right to appeal by providing them with a copy of the Grievance and Appeal Procedure that is a part of the Marketing Plan.

7.6 Relocation of Tenants. Subtenant shall perform all work, in cooperation with the Authority, required to relocate residential tenants in accordance with the THRRs. All such relocations shall be done in close coordination with the Authority, and all costs incurred by Subtenant in connection with such relocations shall be approved Operating Expenses.

8. MANAGEMENT, MAINTENANCE AND REPAIR RESPONSIBILITIES

8.1. General Maintenance and Repair Obligations. Except as specifically provided herein, and to the extent consistent with the spending limitations imposed by any Annual Operating Budget, Subtenant assumes full and sole responsibility for the condition, operation, repair, maintenance and management of the Premises and shall keep the Premises in a good condition and in a manner otherwise reasonably acceptable to the Authority. Subject to Section 8.3 and the spending limitations set forth in any Annual Operating Budget, Subtenant shall make all routine repairs and replacements, interior and exterior, foreseen and unforeseen, that are necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair for safe and sanitary residential housing. Notwithstanding anything to the contrary contained herein, (a) Subtenant shall have no responsibility for maintaining, repairing or in any way managing any streets, curbs, or sidewalks included within and around the Premises (other than any incidental cleaning of sidewalks needed as a result of Subtenant's responsibility for the adjacent grass areas), except as may be mutually agreed to between the Subtenant and the Authority, (b) Subtenant shall have no responsibility for maintaining, pruning or clearing any trees or brush subject to Fire Department mandated tree trimming and brush clearance on Yerba Buena Island, and (c) upon the request of the Authority, and subject to the prior approval of the Director and Subtenant following a determination of the cost, Subtenant shall perform maintenance and repair on Treasure Island and Yerba Buena Island inside or outside the Premises that would otherwise be the obligation of the Authority (the "Added Work"). For any Added Work performed by Subtenant, the Authority shall pay to Subtenant the actual cost incurred by Subtenant for the Added Work, together with a negotiated management fee, agreed to by the Parties in writing, to cover Subtenant's administrative expenses and insurance (which management fee will be paid in the same manner that the Management Fee is paid under Section 13.1(d)).

8.2. Routine Maintenance and Repair. Without limiting the generality, but subject to the limitations of Section 8.1 and to the extent consistent with spending limitations imposed by any Annual Operating Budget, Subtenant's maintenance and repair responsibilities shall include without limitation cleaning, painting, plumbing, carpentry, grounds care and such other routine maintenance and repairs as may be reasonably necessary to meet the maintenance standards described in Section 8.1. In performing these functions, Subtenant shall:

(a) Receive and investigate all requests for maintenance and repair from residential tenants and cause such routine repairs to be promptly and professionally completed when appropriate and warranted in accordance with the standards set forth in this Agreement.

(b) Annually develop and implement a preventive maintenance schedule taking into account the remaining anticipated life of the Rental Units. The preventive maintenance schedule shall be presented to the Authority for its reasonable approval together with each year's Annual Operating Budget.

(c) Contract with qualified independent contractors, paying prevailing wages, for the maintenance and repair of items that is not performed by regular maintenance employees. Subtenant shall consult with the Director on which work items may be performed by Subtenant's maintenance employees and which work items should be performed by third party contractors.

(d) Inform all residential tenants of the procedures to obtain maintenance and repair services during and after normal office hours, and in cases of an emergency.

(e) Maintain a log book containing reports of all service requests and maintenance repairs provided, copies of which shall be subject to periodic inspection by the Authority.

(f) Purchase all materials, equipment, tools, and appliances, supplies and services necessary to ensure proper maintenance and repair of the Premises.

(g) Maintain all landscaping, grounds and common areas for the Premises.

(h) Provide pest control services within the Premises as needed and use commercially reasonable efforts to keep the Premises reasonably free of pests at all times.

(i) Contract for rubbish collection with an entity permitted by the City or the Authority and use commercially reasonable efforts to (i) ensure that the Premises are reasonably free from rubbish, debris and refuse at all times, and (ii) encourage maximum waste diversion consistent with City policies.

8.3. Unanticipated and Emergency Maintenance and Repairs. Subtenant shall perform all repairs that are necessary to avoid the suspension of necessary services to the Premises (other than utility services described in Section 10.1), or as otherwise needed to comply with the general maintenance and repair obligations described above, even though such repairs that are not included in an Annual Operating Budget, but only to the extent the costs of such repairs can be paid (and are paid) from funds in the Replacement Reserve Account and Subtenant receives the Director's prior consent as described in Section 11.3. Notwithstanding the foregoing, except as provided in the next sentence, Subtenant shall make all repairs that are immediately necessary for the preservation or protection of the Premises or the safety of residential tenants or other persons in or on the Premises ("**Emergency Repairs**"), without the Authority's prior approval and without limitation as to cost and regardless of whether there are adequate funds available in the Replacement Reserve Account for such repairs; provided, however, that in each such instance Subtenant shall, before causing any such Emergency Repairs to be made, use commercially reasonable efforts to notify the Director of the emergency situation and obtain the Director's approval of such Emergency Repairs. Subtenant has no obligation to make or cause to be made any such repairs during the final year of the Term in excess of the greater of \$100,000 and the amount in the Replacement Reserve. Subtenant's reasonable costs of any such Emergency Repairs shall automatically be reimbursed from the Replacement Reserve Account, to the extent of the amounts therein, and any excess shall be deemed an approved Operating Expense under Section 12.1. If Subtenant must advance funds under the preceding sentences, then Authority shall reimburse Subtenant therefore if and to the extent there are sufficient Gross Revenues through the remaining Term to do so.

8.4. Security. Subject to the spending limitations contained in any Annual Operating Budget, Subtenant shall provide private, on-site, licensed, qualified security personnel to the Premises that are reasonably satisfactory to Authority as budgeted in each Annual Operating Budget. Without limiting the Authority's rights under this Agreement, the Authority agrees that it will not sue Subtenant for any action taken or failed to be taken by such security personnel, except to the extent caused by the negligence or willful misconduct of Subtenant.

8.5. Subtenant's Responsibility for Utility Facilities. Subtenant's responsibility for the repair and maintenance of water, electric, gas and sewer utility facilities relating to the Premises are limited to those as set forth in Section 2(a) of Exhibit I.

8.6. Management Fee. For performance of its management, maintenance and repair obligations under this Agreement, provided that no Subtenant Default has occurred and is continuing, Subtenant shall be entitled to receive from available Gross Revenues (in the order of priority described in Section 13, a management fee (the "**Management Fee**"), payable on the tenth (10th) day of each month, equal to the greater of: (a) three percent (3%) of Gross Revenues, up to a maximum of Four Hundred Thousand Dollars (\$400,000) per year, which maximum shall be revised annually on the anniversary of the Commencement Date to reflect increases in the Index described in Section 15.2, or (b) Sixty Dollars (\$60) per Rentable Unit per month (excluding Rentable Units that Authority asks Subtenant to not rent so as to provide space for anticipated relocations), up to a maximum of Three Hundred Thirty Three Thousand Dollars (\$333,000) per year.

8.7. Base Repair and Maintenance. The Authority covenants to use good faith efforts to enforce the repair, maintenance and similar provisions of its sublease with THDI and to maintain the exterior of all other residential units and associated grounds on the Base, which the Navy leases to the Authority but are not Premises hereunder, to generally the same level as Subtenant is required to repair and maintain the Premises.

9. EMPLOYEES AND INDEPENDENT CONTRACTORS

9.1. On-Site Office. In performing its obligations under this Agreement, Subtenant shall establish and maintain at all times during the Term a management office (and separate property maintenance, storage and service space) at the Premises responsible for overseeing all of Subtenant's management, maintenance, leasing, and other operational obligations under this Agreement. The management office shall be located in Suite 161 at Building One on Treasure Island, and the property maintenance, storage and service space shall be located at Building 264, and Subtenant shall pay rent for such spaces at the monthly rates set forth in the Authority's Subleasing Policy. The Authority shall have the right to relocate the management office, with not less than 30 days prior written notice, to alternative space in Building One that is reasonably comparable in size and quality, at no cost to Subtenant.

9.2. Personnel. In performing its obligations under this Agreement, Subtenant shall, consistent with the spending limitations contained in each Annual Budget, hire, employ and/or assign experienced, qualified residential real estate marketing, leasing, maintenance, repair, management and any other persons necessary or advisable for the proper operation of the Project, as determined by Subtenant in its reasonable discretion. Any such persons shall be employees or contractors of the Subtenant, and not the Authority or the City. Subtenant shall direct and supervise all employees, contractors or agents in the performance of their duties under this Agreement. Subtenant shall use due care in the selection of personnel it hires or employs to perform Subtenant's management responsibilities under this Agreement. The number of employees, their job descriptions and salaries, shall be determined by Subtenant in its sole discretion based on the provisions of the management plan attached as Exhibit J (the "**Management Plan**") and consistent with any spending limitations imposed by any Annual Operating Budget. All such personnel shall be hired, supervised, and discharged by Subtenant and Subtenant shall pay all wages and other benefits properly payable to any employees hired in connection with the Project, maintain adequate payroll records, remit to the proper authorities all required income and social security withholding taxes, unemployment insurance and workers compensation payments, and such other amounts with respect other wages or benefits of employees of Subtenant working on or with the Project as may be required by Laws or this Agreement.

10. AUTHORITY'S SERVICE OBLIGATIONS

10.1. Utilities.

(a) Standard Utilities and Services. The Authority shall use good faith efforts to provide or cause to be provided to the Premises the gas, electricity, water, and sewage services and facilities described in Exhibit I (the "**Standard Utilities and Services**"), consistent with the Authority's obligations under the Caretaker Agreement with the Navy for so long as it remains in effect and subject to Subtenant's obligations under Section 8.5. Subtenant acknowledges that the utility systems on the Base are old, and that continuous service cannot be guaranteed. As such, the Authority shall have no liability under this Agreement for the failure of any utility service. All amounts due and owing for the Standard Utilities and Services shall be paid by Subtenant from Gross Revenues as an approved Operating Expense at the rates set forth in Exhibit I, as the same may be updated from time to time by the Authority (the "**Utility Fees**"). For any increase in Utility Fees, the Authority shall determine whether such increase will be passed through to residential tenants in the form of an increase in rent or as a separate utility charge, or paid out of available funds in the Operating Budget.

(b) Other Services. The Authority shall use good faith efforts to provide standard telephone, trash, disposal and cable services to the Premises. Any Subtenant costs for such services will be deemed approved Operating Expenses.

(c) Correction. Upon the loss of any service under this Section 10.1, the Authority shall use good faith efforts to promptly commence action to restore such services within 60 hours of notice of such failure. But failure to provide any such service shall not be an Authority default under this Agreement. Any claims by residential tenants at the Premises relating to failures of utility services, if successful, will be paid as an approved Operating Expense.

10.2 Street Services. The Authority shall be responsible for street, sidewalk and street lighting maintenance and repair to all current and future sidewalks (other than any incidental cleaning of sidewalks needed as a result of Subtenant's responsibility of the adjacent grass areas), curbs, streets and roads included within the Premises, including any required handicap accessibility, provided nothing in this Agreement shall obligate the Authority to comply with specific State or local codes or standards.

10.3 Police and Fire. The Authority shall provide to the Base a 24-hour security presence at an entry check point to the Premises on Treasure Island (whose actions shall be limited to those permitted by Law), and reasonable (taking into account the location and intended use of the Premises) police and fire services (the "**Public Protection Services**"). Subtenant agrees that it will not sue the Authority for any action taken or failed to be taken in connection with such Public Protection Services. The Authority shall be responsible for all maintaining, pruning and clearing of any trees or brush on Yerba Buena Island required by Fire Department mandated tree trimming and brush clearance rules.

10.4 Other Portion of the Base Lease to the Authority. The Authority or its subtenants (but not Subtenant) shall be solely responsible for and shall take reasonable actions to secure and make safe those portions of the Base not comprising the Premises which are leased to the Authority by the Master Landlord, and shall make reasonable efforts to mitigate any attractive nuisances thereon.

10.5 Force Majeure. The time for the Authority's performance of its obligations under this Section 10 shall be extended by one day for each during which the Authority or its Agents are unable to perform such obligation due to any Force Majeure Event.

11. ACCOUNTS

11.1. General Operating Account. Subtenant shall credit to a separate general operating account (the "**General Operating Account**") all revenues from whatever source received from the operation of the Premises, including (i) all rent received from residential tenants, including late fees and interest charges, if any, (ii) the gross amounts of all deposits forfeited by residential tenants, (iii) all charges or collections made by Subtenant from residential tenants for the rendering of any service in connection with Premises, (iv) any and all ancillary or collateral fees collected from residential tenants or other third Parties related to Subtenant's use of the Premises (together, "**Gross Revenues**"), other than the security deposit payments to be deposited into the Security Deposit Account described in Section 11.2 .

11.2. Security Deposit Account. Subtenant shall deposit all security deposits collected in accordance with the Residential Agreements in a separate Security Deposit Account established for the benefit of the Authority, Subtenant and residential tenants. Funds deposited in the Security Deposit Account may only be disbursed to pay the costs permitted under the Rental Agreements, including any unpaid rent, damage, or unreasonable wear and tear caused by a residential tenant, or to reimburse the General Operating Account for payment of these costs, or to return to the residential tenant upon vacancy the portion of the security deposit to which it is entitled. In collecting, handling, and disbursing these funds, Subtenant shall comply with the requirements of applicable Law, including California Civil Code Section 1950.5 and Business and Professions Code Section 10145.

11.3. Replacement Reserve Account. Subtenant shall maintain a replacement reserve account (the "**Replacement Reserve Account**"). Subtenant shall deposit into the Replacement Reserve Account on a monthly basis from available Gross Revenues in the order of priority set forth in Section 13 an amount equal to \$20 per Rentable Unit up to a maximum contribution of One Thousand Dollars (\$1,000) per Rentable Unit or such alternative amount as determined by the Director from time to time following consultation with Subtenant. As funds are disbursed from the Replacement Reserve Account, Subtenant shall replenish the Replacement Reserve Account at the rate set forth above. Subtenant shall make disbursements from the Replacement Reserve Account to perform permitted repairs and maintenance to the Rentable Units and to perform any Emergency Repairs as set forth in this Agreement. Disbursements from the Replacement Reserve Account in excess of Twenty Five Thousand Dollars (\$25,000) per calendar quarter shall require the prior written approval of the Director, which approval shall not be unreasonably withheld or delayed. The process by which Subtenant shall request and Director shall approve or disapprove disbursements from the Replacement Reserve Account shall be consistent with the HUD guidelines for repairs and replacement. Upon the termination of this Agreement, all funds remaining in the Replacement Reserve Account shall be paid to the Authority.

11.4 Criteria for Project Accounts. The General Operating Account, the Replacement Reserve Account and the Security Deposit Account shall be held in federally insured accounts reasonably acceptable to the Director.

12. PAYMENT OF OPERATING EXPENSES

12.1. Payment of Operating Expenses. Subtenant shall pay all Operating Expenses for the Premises, including Base Rent, from available Gross Revenues, or, if Gross Revenues are not available, from its own funds, in the order of priority set forth in Section 13. To the extent included in an Annual Operating Budget approved by the Authority, "**Operating Expenses**" shall mean all direct, reasonable and customary operating and maintenance expenses incurred in

the operation, leasing, marketing and maintenance of the Premises as required hereunder, including (i) reasonable salaries or other compensation due and payable to employees or agents of Subtenant described in any Management Plan, (ii) expenses for the repair and maintenance of the Premises, including common areas and or common facilities included in the Premises, (iii) reasonable and customary fees and expenses of legal and accounting professionals incurred by Subtenant in connection with the operation and maintenance of the Premises, including any evictions and relocations of residential tenants, and (iv) any other costs included in an Annual Operating Budget approved by the Authority. Notwithstanding the foregoing, "Operating Expenses" shall also include the following expenses even if such expenses are not included in an Annual Operating Budget approved by the Authority: (a) expenses incurred by Subtenant or the Authority as a result of environmental contamination of the Premises that are not paid by the Navy under the Section 330 Indemnity (as defined in Section 24.3), except to the extent such expenses are caused by the negligence or willful misconduct of Subtenant or the Authority, or their Agents, respectively, (b) all common area maintenance charges assessed by the Authority Agreement (the "**CAM Charges**"), (c) the Utility Fees, (d) all Taxes due and owing under Section 16, (e) payroll and withholding taxes and social security payments due and payable in connection with employees described in any Management Plan, (f) the costs of the insurance required under Section 25, except with respect to the insurance described in Sections 25.1(c) and (e) which must be approved in the Annual Operating Budget be included, (g) the costs of complying with Laws and regulatory requirements as provided below, (h) the actual costs of the liabilities or costs described herein as approved Operating Expenses including those expenses so described in Sections 6.3, 8.3, 8.6, 10.1, 12.1, 14.3, 17.1, 18.1(a), 18.2, 22.1(d), and 24.3, and (i) Base Rent, as reduced by any off-set permitted under this Agreement. Additionally, with respect to cost and expense items that are incurred less frequently than monthly (e.g., property taxes and insurance), each month's Operating Expenses and Budget shall include one-twelfth (1/12) of the annual amounts expected to be expended on such items and Operating Expenses shall be adjusted to reflect the amount actually paid at the end of each year, or when otherwise directed by the Director.

12.2. Annual Operating Budget. Subtenant shall prepare and submit an annual operating budget to the Authority for its approval by the first day of the eleventh full month of the Term or such other date as agreed to by the Director, and by the same date of each subsequent calendar year during the Term, covering the following 12-month period (upon approval, the "**Annual Operating Budget**"). The Annual Operating Budget shall set forth, on an annual and monthly basis, anticipated Gross Revenues, a detailed estimate of anticipated Operating Expenses, and a pro forma budget showing distributions in the order of priority shown in Section 13. The Annual Operating Budget for the first year and any partial initial month of this Agreement is attached hereto as Exhibit F. Each subsequent Annual Operating Budget shall be in substantially the same form as the Annual Operating Budget approved for the prior year. Subtenant shall not, without the Director's prior written consent (and when given shall be deemed an amendment to the Operating Budget), incur costs in any calendar month that exceed the Operating Expense budget for such month by more than five percent (5%) (treating amounts paid less frequently than monthly, as accruing evenly over the appropriate period), or for any year, that exceed the Operating Expense budget for such year by more than five percent (5%).

12.3. Bids, Discounts, Rebates, and Commissions. Subtenant shall use commercially reasonable efforts to obtain contracts, materials, supplies, and services on the most advantageous terms available to Subtenant and shall, whenever practicable, solicit three (3) bids for each major item or service required. Subtenant shall secure and credit to the General Operating Accounts all discounts, rebates, or commissions obtainable with respect to purchases, service contracts, and all other transactions related to this Agreement.

12.4. No Authority Liability. Under no circumstance shall the Authority be liable for the payment of any Operating Expenses.

13. DISBURSEMENTS

13.1. Allocation of Gross Revenues. Subtenant shall, by the twentieth (20th) day of each month, disburse Gross Revenues not previously disbursed (calculated as of the last day of the prior month and, to the extent amounts are not or cannot be disbursed until the calculations for such month have been made hereunder, but are disbursed after such calculation is made, such disbursement shall be treated as made at the end of such month), in the manner and in the following order of priority:

(a) Base Rent. Gross Revenues shall first be disbursed to pay the Authority all Base Rent due and owing as provided in Sections 15.1 and 15.2 or used to reimburse Subtenant for advances made to pay such Base Rent during the current month.

(b) Operating Expenses. Then, to the extent available, Gross Revenues shall be disbursed, from time to time, to pay all Operating Expenses or to reimburse Subtenant for advances made to pay Operating Expenses incurred during the current calendar month as provided in Section 12.

(c) Funding of Replacement Reserve Account. Then, to the extent available, remaining Gross Revenues in the amount required by Section 11.3 shall be deposited into the Replacement Reserve Account.

(d) Management Fee. Then, to the extent available and if a Subtenant Default has not occurred and is not continuing, remaining Gross Revenues shall be disbursed to pay Subtenant the Management Fee described in Section 8.6.

(f) Percentage Rent. Then, all Gross Revenues remaining after the payment of the expenses and the other fees and items described in Sections (a)-(d) above ("Net Revenues") shall be paid as follows: ninety-five percent (95%) shall be paid to the Authority as Percentage Rent, and the remaining five percent (5%) shall be retained by the Subtenant.

14. BOOKS, RECORDS AND REPORTS

14.1. Books and Records. Subtenant shall establish and maintain books, records and systems of account reflecting all business operations of Subtenant under this Agreement, including, but not limited to, resident and project files, general ledgers, invoices, canceled checks, payroll records, and contracts (the "Books and Records").

14.2. Monthly Reports. Promptly after the close of each month but no later than 20 days after such date, Subtenant shall deliver to the Authority a monthly report on a form acceptable to Authority. Such report shall be certified as true and correct in all material respects by Subtenant and shall include: (i) a statement of Gross Revenues for the preceding month, specifically and separately identifying the sources of such revenue, (ii) an itemized statement of actual Operating Expenses, (iii) a statement of Net Revenues, (iv) a list of all Residential Leases that have been entered into during the preceding calendar month, including the building number of each of the Rentable Units rented, the classifications of the residential tenants and the applicable rental rate, and (v) such other information as the Authority may reasonably require.

14.3. Subtenant's Annual Audit. Annually during the Term of this Agreement, within sixty (60) days of the end of the Authority's fiscal year, Subtenant shall arrange for an audit of the Books and Records by an independent certified public accountant approved by the Director. Subtenant shall pay all costs and expenses associated with the annual audit, the reasonable costs of which shall be deemed Operating Expenses. Such audit shall cover the previous 12-month

period. Subtenant acknowledges that a primary purpose of such audit shall be to enable Subtenant and the Authority to clearly and accurately determine the nature and amount of Gross Revenues, Operating Expenses and Net Revenues and to verify the amount of Percentage Rent due and payable to Authority and to otherwise determine the accuracy of the Books and Records. Subtenant shall deliver an original, signed copy of each such annual audit to the Director by the earlier of (a) thirty (30) days after the completion of such audit or (b) if possible using commercially reasonable efforts, 120 days after the end of the 12-month period covered by such audit.

14.4. Periodic Audits and Inspections of Records. After providing Subtenant with 48 hours prior written notice and only during regular business hours, and subject to any privacy or other limitations imposed by applicable Laws, the Authority, its representatives or an independent auditor may audit, examine and make excerpts, copies and transcripts from the Books and Records and all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. The Authority may perform such audit at any time and from time to time during the Term or for a period of five (5) years thereafter. If the Authority's audit shows that there is a deficiency in the payment of any Rent or other amounts to be credited to the Authority, the deficiency shall become immediately due and payable to the Authority. The costs of any periodic audit shall be paid by the Authority unless the audit shows that Subtenant understated Rent or other amounts due by more than five percent (5%) for the entire period being audited, in which case Subtenant shall pay all of the Authority's reasonable costs of the audit.

14.5 Transfer of Records and Accounts. Within five (5) working days after the termination or expiration of this Agreement, (i) all resident and project files, general ledgers, invoices, payroll records and contracts related to this Agreement, and all other Books and Records reasonably requested by the Authority, subject to any privacy or other limitation imposed by applicable Laws, shall be deemed to be the property of the Authority and shall be delivered to the Authority, and (ii) all cash, bank accounts, and trust accounts that are property of the Authority must be accounted for in writing and turned over to the Authority.

15. RENT

15.1. Base Rent. Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to the Authority, base rent in the amount of Five Hundred Thousand Dollars (\$500,000) per year, subject to the adjustment set forth in Section 15.2 and offsets and adjustments as expressly provided in this Sublease (the "**Base Rent**"). Base Rent shall be payable in twelve (12) equal consecutive monthly payments on the first day of the Term (for any partial first-month and the first full month) and on or before the first business day of each month thereafter. Notwithstanding the foregoing, Subtenant shall have no obligation to pay the Authority Base Rent if and for so long as Master Landlord, the City or the Authority, after the receipt of written notice thereof and the expiration of the cure periods described in Section 21.2, materially hinders or prevents Subtenant from performing its obligations under this Agreement, except to the extent such hindrance or obstruction is caused by Subtenant.

15.2. Adjustments in Base Rent. On the first anniversary of the Commencement Date, and each anniversary thereafter (each, an "**Adjustment Date**"), the Base Rent payable hereunder shall be adjusted as follows (each adjustment a "**CPI Adjustment**"):

(a) The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("**Index**") published most immediately preceding the Adjustment Date ("**Adjustment Index**"), shall be compared with the Index published most immediately preceding the prior Lease Year ("**Prior Index**").

(b) If the Adjustment Index has increased over the Prior Index, the Base Rent payable on and after the Adjustment Date shall be set by multiplying the then Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Prior Index. In no event shall the monthly Base Rent on or after the Adjustment Date be less than the monthly Base Rent in effect immediately before the Adjustment Date.

(c) If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

15.3 Percentage Rent. In addition to Base Rent, Subtenant shall pay to the Authority as percentage rent the amounts set forth in Sections 13.1(f) (collectively, the "**Percentage Rent**", and together with Base Rent and other dues due under this Agreement, "**Rent**"). Percentage Rent shall be due and payable to the Authority from available Gross Revenues in arrears (based on the amount of Percentage Rent due for the immediately preceding month) on the twentieth (20th) day of each month.

15.4 In-Kind Rent. Upon the Director's request, Subtenant may also pay to the Authority "In-Kind Rent" in the form of the renovations of and improvements to the Premises, to the extent such renovations or improvements are not paid from Gross Revenues. Any In-Kind Rent shall be deemed paid by Subtenant when Subtenant performs the work to the Director's satisfaction and provides appropriate evidence of the cost of such work, consistent with pre-approved estimated amounts. Upon the Director's approval of the work and the cost amount, Subtenant shall receive a credit against Base Rent otherwise due and owing under this Agreement in the amount approved by the Director. All renovations and improvements made to the Premises as payment of In-Kind Rent shall immediately become the property of the Master Landlord, subject to the leasehold interest of the Authority, as set forth in the Master Lease, and shall also immediately, without further action on the part of either the Authority or the Subtenant, become part of the Premises.

15.5 Method of Payment of Rent. All Rent payable by Subtenant to the Authority shall be paid without prior demand and without any deduction, setoff or counterclaim whatsoever, except as specially provided in Section 15.8(a) and, except for In-Kind Rent, shall be paid in cash or by good cashier's or certified check to the Authority at the primary address for Authority specified in Section 33.1 or such other place as the Authority may designate in writing. If the Commencement Date occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

15.6 Late Charge. If Subtenant fails to pay any Rent due and owing the Authority within ten (10) days after the due date, such unpaid amount will be subject to a late payment charge equal to five percent (5%) of the unpaid amount in each instance. The late payment charge has been agreed upon by the Authority and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that the Authority will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult to determine. The late payment charge constitutes liquidated damages to compensate the Authority for its damages resulting from such failure and Subtenant shall promptly pay such amount to the Authority together with the unpaid amount.

15.7. Default Interest. If Subtenant fails to pay any Rent due and owing the Authority within ten (10) days after the due date, such unpaid amount shall also bear interest from the due date until paid at the rate of nine percent (9%) per year (the "**Default Rate**"). However, interest shall not be payable on late charges nor on any amounts if and to the extent such payment would cause the total interest to be in excess of that which is lawful to charge. Payment of interest shall not excuse or cure any default by Subtenant.

15.8. No Right to Repair and Deduct. Except as specifically provided in Section 15.8(a), Subtenant expressly waives the benefit of any existing or future Law that would otherwise permit Subtenant to terminate this Agreement because of the Authority's failure to keep the Premises or any Parties thereof in good order, condition or repair. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Agreement.

(a) Permitted Offsets against Base Rent. Notwithstanding the foregoing, Subtenant may offset the following sums against its obligation to pay Base Rent:

(i) Any increase in the amount of the CAM Charge payable by Subtenant after the Effective Date of this Agreement. The Parties hereby acknowledge and agree that for the purposes of this Sublease, the Parties will treat the rates used by the Authority to calculate the CAM Charge as \$ ___ per unit per month.

(ii) Except to the extent paid by Authority pursuant to Section 22.2(c), after the expiration of any applicable notice and cure periods (except in the event of an emergency as determined by Subtenant where prior notice by Subtenant is impractical), the reasonable costs of providing the services the Authority is obligated to provide under Sections 10.1, 10.2 or 10.3; provided, however, nothing herein shall imply any duty of Subtenant to do any act that the Authority is obligated to perform under any provision of this Agreement, and Subtenant's performance of such obligations of the Authority shall not constitute a waiver of any of Subtenant's rights or remedies under Section 22.2.

(iii) If Subtenant is required by any third Parties with jurisdiction to (x) reduce the rental rates payable by the residential tenants from those set forth in any Rental Rate Schedule approved by the Authority and Subtenant (other than as provided in Section 7.4) for non-economic reasons or (y) provide rent preferences other than those set forth in the Marketing Plan, then the economic effect of such reductions and preferences, if any, shall be borne by the Authority by reducing Base Rent by the amount of such economic effect.

(iv) All costs directly related to a material breach by the Authority of its obligations under Section 18.2(b).

16. TAXES, ASSESSMENTS AND OTHER EXPENSES

16.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) Payment Responsibility. During the Term, Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, exercises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises (collectively, "**Taxes**"). Subtenant shall make all such payments directly to the charging authority when due and payable and prior to delinquency. However, with respect to real property or possessory interest Taxes levied on or assessed against

the Premises for which the Authority receives the tax bill directly from the taxing authority, Subtenant shall reimburse the Authority for payment of such sums promptly upon written demand accompanied by (i) a copy of the relevant bill or tax statement and (ii) evidence of payment in full of such Taxes by the Authority. The amount of all such Taxes paid by the Subtenant shall automatically be deemed an approved Operating Expense.

(b) Taxability of Possessory Interest. Without limiting the foregoing, Subtenant recognizes and agrees that this Agreement may create a possessory interest subject to property taxation.

(c) No Tax Liens. Subtenant shall not allow or suffer a lien for any Taxes to be imposed upon the Premises or upon any equipment or other property of Subtenant located thereon and shall discharge the same prior to delinquency; provided however that Subtenant shall have the right to contest any such taxes so long as Subtenant posts with the taxing authority any bond or other security required thereby.

(d) Reporting Information. Subtenant agrees to provide such information as Authority may reasonably request to enable the Authority to comply with any possessory interest tax reporting requirements applicable to this Agreement.

16.2 Evidence of Payment. Subtenant shall, upon the Authority's request, furnish to the Authority official receipts or other evidence of the payment of Taxes.

17. LIENS AND ENCUMBRANCES

17.1. Mechanics Liens. Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. If Subtenant does not, within twenty (20) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, the Authority shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by the Authority and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable by Subtenant to the Authority upon demand. To the extent such expenses would otherwise constitute payment for the Work or Operating Expenses, such expenses (but not, for example, the Authority's attorneys' fees related to the release of any such mechanic's lien) shall be included as cost of the Work or Operating Expenses. The Authority shall have the right at all times to post and keep posted on the Premises any notices that the Authority reasonably deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens.

17.2 Encumbrances by Subtenant. Subtenant shall not, without the prior written consent of the Authority, create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset (an "**Encumbrance**") as security in any manner against the Premises or Authority's or Subtenant's interest under this Agreement. If the Authority consents to any such Encumbrance, it shall, in connection therewith, enter into an agreement with the holder of such Encumbrance that includes customary and reasonable subordination, non-disturbance and attornment provisions and customary and reasonable mortgagee protection provisions.

18. COMPLIANCE WITH LAWS

18.1. Compliance with Laws. In performing its obligations under this Agreement and in its use of the Premises, Subtenant shall at all times use and maintain the Premises in

compliance with all applicable Laws, including any applicable prevailing wage laws and disability access laws; provided, however, Subtenant is not responsible (a) for the streets, roads, sidewalks and curbs contained in and around the Premises complying with any law or (b) for any tree trimming or brush clearance within the Premises contained on Yerba Buena Island mandated by the Fire Department. Without limiting the Authority's obligations under this Agreement, or its responsibility for failure to satisfy those obligations, no occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant the right to seek redress against the Authority for failing to comply with Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel the Authority to make repairs or improvements to comply with any Law. Nothing herein is intended to limit the Authority's responsibility for the consequences of its failure to comply with Laws or its obligations under this Agreement.

(a) Approved Expense. The costs of Subtenant's compliance with Section 18.1 shall be deemed an approved Operating Expense (except as expressly provided to the contrary in this Agreement).

(b) No Special Laws. Other than compliance with the FEMA-178 seismic standard as required in this Agreement (which the Parties acknowledge and agree is different than the seismic safety Laws applied by the City in the City), the Authority shall not directly or indirectly require Subtenant to comply with any Laws not otherwise applicable to comparable projects in the City. If the City imposes any Laws on the Project not otherwise applicable to comparable projects in the City, the incremental costs of complying with such Laws shall be either an Operating Expense or an off-set against Base Rent.

(c) Streets and Trees. The Authority shall be responsible for (a) compliance with Laws regarding the maintenance and repair of streets, roads, sidewalks and curbs contained in and around the Premises and (b) maintaining, pruning and clearing of any trees and brush on Yerba Buena Island required by the Fire Department mandated tree trimming and brush clearance rules.

18.2. Regulatory Approvals.

(a) Responsible Party. Subtenant understands and agrees that Subtenant's use of the Premises and construction of the Work and any other Alterations may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. To the extent such approvals or permits are required, Subtenant shall be solely responsible for obtaining any and all such regulatory approvals. Subtenant shall not seek any regulatory approval not contemplated in this Agreement without first obtaining the written consent of Authority. Subtenant shall bear all costs (which costs shall be deemed approved Operating Expenses) associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and, except as expressly set forth herein, shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be timely and promptly paid by Subtenant and shall be deemed Operating Expenses except to the extent such fines arise from Subtenant's negligence or willful misconduct. In any event, the Authority shall have no liability, monetary or otherwise, for any such fines or penalties.

(b) The Authority's Efforts. The Authority shall cooperate with Subtenant in Subtenant's efforts to obtain all required regulatory approvals and to expedite any required City approvals, including the issuance of all required certificates authorizing occupancy of Rentable Units. Notwithstanding the foregoing, Subtenant acknowledges and agrees that the Authority is entering into this Agreement in its capacity as a holder of leasehold and proprietary interests in

the Premises and not as a regulatory agency with police powers. Nothing in this Agreement shall limit in any way Subtenant's obligation to obtain any required approvals from City departments, boards or commissions having jurisdiction over the Premises. This Section does not modify or limit Subtenant's obligation to comply with Section 18.1.

18.3. Compliance with Authority's Risk Management Requirements. Subtenant shall not take any action, and shall use commercially reasonable efforts to prevent residents from doing anything, that would create any unusual fire risk in or around the Premises. Subtenant shall use commercially reasonable efforts to protect the Authority from any potential premises liability with respect to any Work or Alteration performed by or for Subtenant. Subtenant shall comply with any and all requirements of any policies of insurance for the Premises.

19. DAMAGE OR DESTRUCTION

19.1. Damage or Destruction to the Premises Covered by Required Insurance. In the case of damage to or destruction of all or any portion of the Premises or damage to, destruction of (or other limitation on the use of) the roads or the bridge providing ingress and egress to the Premises that materially adversely affects the intended use of such Premises ("**Damage**") that is covered by the insurance required under Section 25 (the "**Required Insurance**"), except as provided in the next sentence, this Agreement shall continue and Subtenant shall use the proceeds of any such Required Insurance to, with reasonable promptness and diligence, restore, repair, replace or rebuild those portions of the Premises so damaged (the "**Damaged Premises**") to comparable condition, quality and class as the Damaged Premises were in immediately before such casualty ("**Repair**"). Notwithstanding the foregoing, if (i) the Damage to the Premises or certain Rentable Units occurs during the last 2 years of the Term, (ii) certain of the Rentable Units have been Damaged to an extent such that such Rentable Units would need to be demolished and rebuilt, (iii) the Damage cannot reasonably be repaired within 12 months, or (iv) applicable Laws, such as the public trust for commerce, navigation and fisheries, prohibit the Repair, Subtenant may elect (by providing the Authority with written notice thereof within 30 days of the Damage) not to Repair such Damage, in which event this Agreement shall terminate with respect to such portion of the Damaged Premises or such Rentable Units and all applicable insurance proceeds shall be distributed as set forth in Section 19.1(a). In addition, the Authority may determine that any Damage shall not be Repaired for any reason, in which case the insurance proceeds shall also be distributed as set forth in Section 19.1(a).

(a) Insurance Distribution. If Subtenant is not required to Repair all or a portion of such Damaged Premises or the Authority determines not to authorize such Repair as set forth above, the proceeds of any Required Insurance allocable to such Damaged Premises shall be disbursed as follows: first, to Subtenant in an aggregate amount equal to any earned but undisbursed Management Fees and Marketing and Leasing Fees due to Subtenant, and then the remainder to the Authority.

19.2. Damage or Destruction to the Premises Not Covered by Required Insurance. In the case of Damage that is not covered by the Required Insurance, or to the extent that the costs to Repair the Damage would exceed the available insurance proceeds, Subtenant shall, to the extent funds are available in the Replacement Reserve Account, and subject to the Director's consent as provided in Section 11.3, use such funds to Repair any Damage. Notwithstanding the foregoing, nothing herein shall obligate Subtenant to expend any funds other than funds available in the Replacement Reserve Account or insurance proceeds to Repair Damage.

19.3. Rental Abatement. In the event of Damage, Subtenant's obligation to pay Base Rent to the Authority shall be proportionately reduced by an amount equal to the result obtained by multiplying the total amount of Base Rent then due and owing by a fraction, the denominator of which shall be the total number of Rentable Units and the numerator of which shall be the

number of Rentable Units affected by the Damage (the "**Abatement**"); provided, however, the proceeds of any rental interruption insurance shall be treated as Gross Revenues hereunder. The Abatement shall continue until Subtenant completes the Repair (or the Damage of Access to the Premises is otherwise repaired). If Subtenant is not required to repair such Damage under Section 19.1 or 19.2 and this Agreement terminates with respect to such portion of the Premises or such affected Rentable Units, the Abatement shall continue for the remainder of the Term.

19.4. Waiver. The Parties understand and agree that the foregoing provisions of this Section 19 are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and the Authority and Subtenant each hereby waives and releases any right to terminate this Agreement in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

20. ASSIGNMENT AND SUBLETTING

20.1 Restriction on Assignment and Subletting. The services to be performed by the Subtenant under this Agreement are personal in character. Accordingly, except as provided in Section 17.2, Subtenant shall not assign this Agreement nor any duties or obligations hereunder, either voluntarily or by operation of law, or sublet any portion of the Premises (other than the Rental Agreements), unless the Authority first approves such assignment or subletting by written instrument, which approval may be given or withheld in the Authority's sole and absolute discretion. Any purported assignment or sublet in violation of these restrictions shall be void.

21. DEFAULT

21.1 Events of Subtenant Default. Any of the following shall constitute an event of default by Subtenant under this Agreement ("**Subtenant Defaults**"):

(a) Rent and Payment Responsibilities. Any failure to pay Rent, the CAM Charges, the Utilities Charges, Taxes, or any other sums due and payable by Subtenant, where such failure continues for a period often (10) days following receipt by Subtenant of written notice from the Authority.

(b) Covenants Conditions and Representations. Any failure of Subtenant to perform or comply with any other covenant, condition or representation of Subtenant made under this Agreement, provided that Subtenant shall have a period of thirty (30) days from the date of receipt by Subtenant of written notice from the Authority specifying such failure within which to cure such failure or, if such failure is not reasonably capable of cure within such 30-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant takes action to cure such default within such period and thereafter diligently prosecutes the same to completion.

(c) Assignment; Insurance. Any attempt by Subtenant to assign any material rights or obligations under this Agreement without the Authority's consent as provided herein, or any failure by Subtenant to maintain any insurance required hereunder, which failure is not cured by Subtenant within seven (7) days of Subtenant's receipt of written notice of such failure.

(d) Bankruptcy. The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted (provided that with respect to any receiver appointed or any involuntary proceeding commenced against Subtenant, a Subtenant Default shall not be deemed to have

occurred unless Subtenant has failed to have such receiver discharged or such proceeding dismissed within seventy-five (75) days.

21.2. Authority Default. Any failure of the Authority to perform or comply with any covenant, condition or representation of the Authority made under this Agreement shall be deemed a default by the Authority (an “**Authority Default**”), provided that the Authority shall have a period of thirty (30) days from the date of receipt of written notice from Subtenant of such failure within which to cure such Authority Default, or, if such Authority Default is not reasonably capable of cure within such 30-day period, the Authority shall have a reasonable period to complete such cure if the Authority takes action to cure such Authority Default within such period and thereafter diligently prosecutes the same to completion.

22. REMEDIES

22.1 Authority's Remedies for Subtenant's Defaults. Upon the occurrence and continuing of a Subtenant Default, the Authority shall have the following rights and remedies in addition to all other rights and remedies available to Authority at law or in equity:

(a) Terminate Agreement and Recover Damages. The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. The Authority's efforts to mitigate the damages caused by a Subtenant Default shall not waive any right that the Authority may have to recover unmitigated damages upon termination.

(b) Appointment of Receiver. The right, upon application by the Authority, to have a receiver appointed for Subtenant to take possession of the Premises and to apply any rentals collected from the Premises to the Rent owing by Subtenant hereunder and to exercise all other rights and remedies granted to Authority pursuant to this Agreement.

(c) Forfeiture. The right to cancel Subtenant's right to lease any portion of the Premises.

(d) Authority's Right to Cure Subtenant's Defaults. The Authority may (after the expiration of all applicable cure periods, except in the event of an emergency as reasonably determined by the Authority where prior notice by the Authority is impractical), remedy a Subtenant Default for Subtenant's account and at Subtenant's sole expense. Subtenant shall pay to the Authority, promptly upon demand, all sums reasonably expended by the Authority, or other reasonable costs, damages, expenses or liabilities incurred by the Authority, including reasonable attorneys' fees, in remedying or attempting to remedy such Subtenant Default. To the extent the sums reasonably expended by the Authority under this Section are for costs of the Work or for Operating Expenses (but not, for example, the Authority's reasonable attorney's fees), such amounts paid by Subtenant to the Authority shall be deemed approved costs of the Work or Operating Expenses, as applicable. Subtenant's obligations under this Section shall survive the expiration or termination of this Agreement. Nothing herein shall imply any duty of the Authority to do any act that Subtenant is obligated to perform under this Agreement, and the Authority's cure or attempted cure of a Subtenant Default shall not constitute a waiver of such Subtenant Default or any rights or remedies of the Authority on account of such Subtenant Default.

22.2 Subtenant's Remedies for Authority Default. Upon the occurrence and continuing of an Authority Default, Subtenant shall have the right to termination this agreement or sue for specific performance. In addition, Subtenant may remedy such Authority Default for Authority's account and at Authority's sole expense, but only to the extent of funds then available in the General Operating Account and the Replacement Reserve Account. In no event shall the Authority be responsible for any costs above the amount in such accounts on the date that the Authority Default is determined (i.e., the date that any applicable cure period has expired). Nothing herein shall imply any duty of the Subtenant to do any act that Authority is obligated to perform under this Agreement, and the Subtenant's cure or attempted cure of a default shall not constitute a waiver of such Authority Default or any rights or remedies of the Subtenant on account of such Authority Default. In no event shall the Authority be liable for any damages relating to an Authority Default.

23. RELEASE AND WAIVER OF CLAIMS

23.1 Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Authority shall not be responsible for or liable to Subtenant for, and, to the fullest extent permitted by law, Subtenant hereby waives all rights against the Authority and releases it from any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs (collectively, "Losses"), whether direct or indirect, known or unknown, foreseen and unforeseen, arising from or related to (i) the suitability of the Premises for Subtenant's intended use or (ii) the physical or environmental condition of the Premises and any related Alterations or improvements, including, without limitation, any and all Losses arising from or related to an earthquake or subsidence.

(a) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Authority any claim, action or proceeding based upon any Losses of any nature whatsoever encompassed by the waivers and releases set forth in this Section. In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(b) Subtenant had made such investigation of the facts pertaining to these waivers and releases it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(c) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Authority for liabilities encompassed by the waivers and releases set forth in this Section. The Authority would not be willing to enter into this Agreement in the absence of the waivers and releases in this Section, and Subtenant expressly assumes the risk with respect thereto.

(d) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims that the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims encompassed by the waivers and releases set forth in this Section. Subtenant realizes and acknowledges that it has agreed

upon this Agreement in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any expiration or termination of this Agreement.

(e) Without limiting its rights under Section 27, Subtenant acknowledges that it will not be a displaced person at the time this Agreement is terminated or expires by its own terms, and, without limiting the foregoing, Subtenant fully releases, waives and discharges forever any and all claims against, and covenants not to sue, the Authority or its Agents for claims for relocation benefits or assistance from the Authority under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.).

23.2 Covenant by the Authority Not to Sue. The Authority shall not directly or indirectly bring an action or proceeding, whether in a court of law or otherwise, against Subtenant with regard to the environmental conditions existing at the Base except to the extent that such condition is caused by a violation of Law by Subtenant or by Subtenant introducing Hazardous Material (as defined herein) to the Base.

24. INDEMNIFICATION

24.1 Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall indemnify, protect, reimburse, defend and hold harmless forever ("**Indemnify**" or "**Indemnity**" as the context requires) the Authority and the Authority's Agents from and against any and all Losses caused by acts or omissions of Subtenant or Subtenant's Agents or Invitees with respect to the Premises, or relating to the rehabilitation, use or occupancy of the Premises, including, without limitation, any accident, injury or death to any of Subtenant's Agent's or Invitees occurring on or about the Premises, except to the extent that (i) such Indemnity is void or otherwise unenforceable under any applicable Laws, (ii) such Losses are caused by the Authority, or (iii) such Losses are included within the Section 330 Indemnity.

The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and the Authority's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it is obligated to defend the Authority from any claim which falls within this Indemnity even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is properly tendered to Subtenant by the Authority. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Agreement.

24.2 Authority's Indemnity. Subject to the provisions of Section 22.2, the Authority, on behalf of itself and the Authority's Agents, shall Indemnify Subtenant and Subtenant's Agents from and against any and all Losses caused by acts or omissions of the Authority or the Authority's Agents except to the extent that (i) such Indemnity is void or otherwise unenforceable under any applicable Laws, (ii) such Losses are caused by the Subtenant or its Agents, or (iii) such Losses are included within the Section 330 Indemnity.

The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Subtenant's costs of investigating any Loss. The Authority specifically acknowledges and agrees that it is obligated to defend Subtenant from any claim which falls within this Indemnity even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is properly tendered to the Authority by Subtenant. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Agreement.

24.3 Master Landlord's Section 330 Environmental Indemnity. The Parties hereby acknowledge and agree that pursuant to Section 330 of Public Law 102-484, as amended, Master Landlord shall hold harmless, defend and indemnify (the "**Section 330 Indemnity**") the Authority and Subtenant from and against any suit, claim, demand, action, liability, judgment, cost or fee, arising out of any claim for personal injury or property damage (including death, illness, loss of or damage to property or economic loss) that results from, or is in any manner predicated upon, the release or threatened release of any hazardous substance, pollutant, contaminant, petroleum product, or petroleum derivative from or on the Premises as a result of Department of Defense activities at the Base, as set forth in the Master Lease. If Subtenant or the Authority incurs costs or other expenses due to Master Landlord's failure to satisfy its obligations under the Section 330 Indemnity, such costs or expenses shall automatically be deemed an Operating Expense and any subsequent recovery from the Master Landlord as a result of such failure shall be a Gross Revenue.

25. INSURANCE [update]

25.1 Subtenant's Insurance. Subtenant shall procure and maintain throughout the Term for the mutual benefit of the Authority and Subtenant, and pay the cost thereof (as an approved Operating Expense, subject to the limits set forth in Section 12.1 and, if the limit is exceeded but not approved, such insurance need not be obtained by Subtenant), the following insurance:

(a) Professional Liability Insurance. Professional Liability insurance with limits not less than \$1,000,000 each claim and aggregate, including coverage for negligent acts, errors or omissions arising out of professional services performed under this Agreement for architectural, engineering and geotechnical services, with any deductible not to exceed \$25,000 each claim.

(b) Property Insurance. Property insurance on an ISO "special form" (excluding earthquake and flood) with any exposures for reconstruction (builders' risk), loss of rents up to 12 months included in the aggregate limit. The loss of rents coverage shall have a deductible of no more than \$5,000 per occurrence. The deductible will be no greater than \$50,000 per occurrence for property related losses only. Any vacancy clause will be waived or extended to no less than 180 days. The limit of coverage will be full replacement cost or a stop loss limit that covers at least 35% of the total insurable value of all covered Rentable Units.

(c) Environmental Pollution Insurance. Environmental Impairment Liability Insurance, with limits not less than \$5,000,000 each occurrence, including coverage for pollution or contamination, with any deductible not to exceed \$50,000 each occurrence.]

(d) Commercial General Liability Insurance. Commercial General Liability Insurance shall be written on an occurrence and on a site-specific basis with coverage equal to or better than the ISO form CG-OOL. Primary limits shall be \$2,000,000 Combined Single Limit (CSL) per occurrence and \$5,000,000 aggregate. A deductible, per claim, of no greater than \$10,000 will be acceptable. Coverage should include within the policy limits: Personal Injury, Independent Contractors, Contractual liability, Products and Completed operations and a Severability of interests' clause. (Explosion, collapse and underground coverage shall not be excluded.) An excess policy increasing the total limit to \$10,000,000 will be required. Said excess policy may be an umbrella or a following form excess contract.

(e) Workers Compensation Insurance. Worker's compensation insurance with statutory limits as required by California law.

(f) Automobile Liability Insurance. Automobile liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Subtenant uses or causes to be

used automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under ISO F01111 Number CA-00-01.

(g) Watercraft and Aircraft Insurance. Should Subtenant operate or cause to be operated any aircraft or watercraft in performance of its activities under this Agreement, insurance for such operations, in amount, form and with insurers reasonably satisfactory to the Authority, shall be obtained, paid for, and maintained by Subtenant throughout such operations.

(h) Employee Fidelity Bonds. Fidelity bond insurance coverage for on-site employees with a \$1,000,000 limit and \$1,000 deductible.

25.2. General Requirements. All insurance provided for under this Agreement shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by the Authority.

(a) Should any of the required insurance be provided under a claims made form, Subtenant shall maintain such coverage continuously throughout the Term and, without lapse, for a period of one (1) year beyond the expiration or termination of this Agreement, to the effect that, should occurrences during the Term give rise to claims made during the one year period after expiration or termination of this Agreement, such claims shall be covered by such claims made policies.

(b) All insurance policies shall be endorsed to provide the following:

(i) The Authority and the City shall be named as an additional named insured and loss payee on liability and property coverages as its interest may appear, if necessary. Subtenant shall be first named insured.

(ii) Any other insurance carried by the Authority, which may be applicable, shall be deemed excess insurance and Subtenant's insurance shall be deemed primary for all purposes. Subtenant's policies shall also provide for severability of interest provisions.

(iii) Thirty-day written notice of cancellation, non-renewal or material change in coverage shall be given to the Authority. Ten-day notice will be acceptable for notice of non-payment.

(iv) Upon request, Subtenant shall deliver to the Authority certificates, binders, or other satisfactory evidence of the insurance coverages required under this Agreement.

(c) On or before the Commencement Date, Subtenant shall deliver to Authority certificates of insurance in form and with insurers satisfactory to Authority, evidencing the coverages required hereunder, and Subtenant shall provide Authority with certificates thereafter at least ten (10) days before the expiration dates of expiring policies. In the event Subtenant shall fail to procure such insurance, or deliver such certificates, Authority may, at its option, after providing five (5) days' prior written notice of the Authority's intention to do so, procure the same for the account of Subtenant and the cost thereof shall be paid to Authority within five (5) days after delivery to Subtenant of an invoice for such cost.

25.3. No Limitation on Indemnities. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease either the Authority's or Subtenant's indemnification obligations herein or any of the Authority's or Subtenant's other obligations or liabilities under this Agreement.

25.4. Subtenant's Personal Property. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.

25.5. Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, the Authority and Subtenant (each a "**Waiving Party**") each hereby waives any right of recovery against the other party for any loss or damage sustained by such other party with respect to the Premises, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by insurance which is required to be purchased by the Waiving Party under this Agreement or is actually covered by insurance obtained by a Waiving Party. Each Waiving Party agrees to cause its insurers to issue appropriate waiver of subrogation rights endorsements to all policies relating to the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

26. ACCESS BY AUTHORITY

26.1. Access to Premises by Authority.

(a) General Access. Without unreasonably interfering with the use and quiet enjoyment of the Premises by residential tenants, the Authority reserves for itself and the Authority's Agents, the right to enter the Premises and any portion thereof at all reasonable times for any purpose.

(b) Emergency Access. In the event of any emergency, as reasonably determined by the Authority, the Authority may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises so long as such alteration or removal is reasonably related to and necessary for remedying or properly responding to such emergency. The Authority shall have the right to use any and all means the Authority reasonably considers appropriate to gain access to any portion of the Premises in an emergency. In such case, to the maximum extent permitted by law, the Authority shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from all or part of the Premises.

(c) No Liability. The Authority shall not be liable in any manner, and Subtenant hereby waives any claims, for any Losses arising out of the Authority's entry onto the Premises, except for damage resulting from the negligence or willful misconduct of the Authority or the Authority's Agents, to the extent not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

26.2 Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

27. SURRENDER

27.1. Surrender of the Premises. Upon the expiration or earlier termination of this Agreement, Subtenant shall peaceably quit and surrender to the Authority the Premises together with the Work and Alterations in as good order and condition, subject to normal wear and tear and the provisions of Section 19 regarding casualty and taking into account the occupancy of the Rentable Unit, when surrendered. Normal wear and tear shall not include any damage or deterioration that would have been prevented had Subtenant properly performed its obligations under this Agreement. The Premises shall be surrendered free and clear of all liens and encumbrances arising out of Subtenant's acts other than liens and encumbrances approved by the

Authority and rights of residential tenants in Rentable Units occupied at the end of the Term, if any. Immediately before the expiration or termination of this Agreement, Subtenant shall remove all of Subtenant's Personal Property as provided in this Agreement and repair any damage resulting from such removal. Subtenant's obligations under this Section shall survive the expiration or termination of this Agreement. Any items of Subtenant's Personal Property remaining in the Premises after the expiration or termination of this Agreement may, at the Authority's option, be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Law. The Authority agrees to assume all Rental Agreements at the end of the Term, entered into by Subtenant in conformity with this Agreement. In no event is Subtenant required to evict a residential tenant who has executed a Rental Agreement in conformity with this Agreement at the end of the Term.

28. HAZARDOUS MATERIALS

28.1 No Hazardous Materials. Except as shown on Exhibit K or in a Work Plan or the Management Plan approved by the Authority, Subtenant covenants and agrees that Subtenant shall not, and shall take commercially reasonable efforts to ensure that Subtenant's Invitees do not, cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises in violation of Environmental Laws (as defined herein) without the prior written approval of the Authority. The Authority may from time to time reasonably request Subtenant to provide adequate information for the Authority to determine whether any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises ("**Environmental Laws**"), and Subtenant shall promptly provide all such information reasonably requested. The Authority and the Authority's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). As used herein "**Hazardous Material**" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (also commonly known as CERCLA), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code, any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code, and any asbestos and asbestos containing materials and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids.

28.2 No Releases. Subtenant shall not, and Subtenant shall use commercially reasonable efforts to ensure that Subtenant's Invitees do not, cause any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("**Release**") of Hazardous Material in, on, under or about the Premises. Subtenant shall immediately notify the Authority if and when Subtenant has actual knowledge that there has been a Release of Hazardous Material in, on or about the Premises and shall afford the Authority a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

28.3 Subtenant's Environmental Indemnity. Without limiting Subtenant's general Indemnity contained in Section 24.1, if Subtenant fails to perform any of its obligations contained in Section 28.1 or 28.2, Subtenant shall Indemnify the Authority and the Authority's

Agents from and against any and all Losses arising under or related to such failure, including, without limitation Losses related to (i) enforcement, investigation, remediation or other governmental regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws, (ii) claims by any third party against the Authority or the Authority's Agents relating to damage, contribution, cost recovery compensation, loss or injury, (iii) investigation and remediation costs, fines, natural resource damages, the loss or restriction of the use or any amenity of the Premises or the Base and reasonable attorneys' fees and consultants' fees and costs, and (iv) all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, and expressly excluding any Losses to the extent covered by the Section 330 Indemnity or caused by the Authority, its Agents or Invitees. All costs paid by Subtenant under this provision as a result of acts or omissions by Subtenant's Invitees shall be deemed an approved Operating Expense unless caused by Subtenant's gross negligence or willful misconduct.

28.4 No Hazardous Materials. The Authority covenants and agrees that the Authority and the Authority's Agents shall not, and shall take reasonable efforts to ensure that Authority's Invitees do not, cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises in violation of Environmental Laws.

28.5 No Releases. The Authority and Authority's Agents shall not, and Authority shall use reasonable efforts to ensure that the Authority's Invitees do not, cause any Hazardous Material Release in, on, under or about the Premises. The Authority shall immediately notify the Subtenant if and when Authority has actual knowledge that there has been a Release of Hazardous Material on or about the Premises and shall afford the Subtenant a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

28.6 Authority's Environmental Indemnity. Without limiting the Authority's general Indemnity contained in Section 24.2, if the Authority fails to perform any of its obligations contained in Section 28.4 or 28.5, the Authority shall Indemnify the Subtenant and the Subtenant's Agents from and against any and all Losses arising under or related to such failure, including, without limitation Losses related to (i) enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws, (ii) claims by any third party against the Subtenant or the Subtenant's Agents relating to damage, contribution, cost recovery compensation, loss or injury, (iii) investigation and remediation costs, fines, natural resource damages, the loss or restriction of the use or any amenity of the Premises and reasonable attorneys' fees and consultants' fees and costs, and (iv) all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Base to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, and expressly excluding any Losses to the extent covered by the Section 330 Indemnity or caused by the Subtenant, its Agents or Invitees.

28.7 Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant and the Authority, respectively, hereby acknowledge for itself and its respective Agents that, before the execution of this Agreement, it has received and reviewed the Environmental Baseline Survey and the FOSLs described in the Master Lease.

29. RELOCATION COSTS

Without limiting the Authority's Indemnity under Section 24.2, the Authority shall be responsible for and shall Indemnify Subtenant and its Agents for any and all relocation costs payable to residential tenants arising under federal and state relocation assistance laws, including, but not limited to, California Government Code Section 7260 et seq.

30. CONVENIENCE STORE AND OTHER SERVICES

30.1. Good Faith Efforts. The Authority shall use good faith efforts to work with TIHDI and Subtenant to maintain existing commercial services on the Base, including a child-care center, cafe, and convenience store.

31. TRANSPORTATION SERVICES

31.1 Bus Service. The Authority shall use good faith efforts to have the City maintain at least the current level of municipal transportation bus service to and from the Base.

31.2 Public Transit Information. Subtenant shall make good faith efforts to establish and maintain during the Term a program to encourage maximum use of mass or public transportation by Subtenant's Agents and Invitees, including residential tenants.

32. WORKFORCE HIRING GOALS [to be updated]

In performing its rights and responsibilities under this Agreement, Subtenant shall comply with the following workforce hiring goals for qualified homeless or otherwise economically disadvantaged persons and San Francisco residents.

32.1 Subtenant's Workforce Hiring Goals. Subtenant, in connection with the Work, shall use good faith efforts to meet the work force hiring goals set forth in Section 32.2 (the "**Workforce Goals**"). For purposes of this Section 32, Subtenant's good faith efforts ("**Good Faith Efforts**") shall mean the following:

- (a) Upon request, submitting a written plan describing how Subtenant intends to meet the Workforce Goals;
- (b) Listing jobs available on the Premises with the TIHDI Job Broker at least two weeks before advertising for applicants elsewhere to the extent practical, considering the nature of the job involved;
- (c) Considering for appropriate job openings all candidates who are qualified, screened and referred to it by the TIHDI Job Broker if referred before the opening being otherwise filled;
- (d) Communicating with TIHDI about job openings by facsimile at the same time such job opening is communicated to any other agency or broker and providing information about jobs and about outcomes of referrals within a reasonable time upon request by the TIHDI Job Broker;
- (e) Consulting with the TIHDI Job Broker once a month, as necessary, about how to meet Subtenant's Workforce Goals; and
- (f) Meeting and conferring with the TIHDI Job Broker monthly, if necessary, to discuss and attempt to resolve any problems with Subtenant meeting its Workforce Goals.

(g) Upon request, working with the City's First Source Hiring Administration on new job opportunities and otherwise complying with the City's First Source Hiring Program as set forth in Administrative Code Chapter 83.

32.2 Workforce Hiring Goals.

(a) Construction Workforce. Without obligation (other than as expressly set forth herein), Subtenant shall give consideration for hiring on all construction projects on the Premises to qualified homeless or otherwise economically disadvantaged persons, and to qualified residents of San Francisco whose annual income, at the time of hire, is at or below fifty percent (50%) of median income for the City as determined by HUD.

(b) Subcontracting. Without obligation, Subtenant will consider subcontracting certain tasks to be performed by Subtenant under this Agreement to TIHDI member organizations, particularly for grounds keeping, janitorial, recycling and deconstruction activities. Subcontracts with TIHDI organizations will be included for purposes of determining Subtenant's Good Faith Efforts to meet the Work Force Goals.

(c) Nonconstruction Workforce. Without obligation, except as provided in this Section 32, the Subtenant shall use Good Faith Efforts to hire for nonconstruction work, (i) twenty-five percent (25%) of its nonconstruction workforce from homeless or economically disadvantaged persons, at the time of hiring, and (ii) fifty percent (50%) from San Francisco residents.

32.3. Hiring Plan. Upon request, Subtenant shall submit a hiring plan to the Authority to describe how Subtenant intends to meet its Workforce Goals, which description should include community outreach and recruiting efforts, hiring procedures, a projected schedule for meeting the Workforce Goals, and alternative courses of action if it appears that the Workforce Goals will not be met.

32.4. Reports. Upon the Authority's request, Subtenant shall prepare reports regarding the composition of Subtenant's work force reasonably satisfactory to the Authority.

32.5. Matters Subject to Enforcement Procedure. In addition to the initial preparation of the Hiring Plan, all matters related to implementing the Hiring Plan and the Workforce Goals are subject to the Enforcement Procedure described in Section 32.7.

32.6. Implementation of Enforcement Procedure. The Enforcement Procedure, as provided in Section 32.7, shall be the exclusive procedure for resolving any dispute concerning the interpretation or implementation of the Hiring Plan or any alleged deficiency in Subtenant's Good Faith Efforts. The Enforcement Procedure shall be implemented by the City department responsible for administering the City's workforce programs (the "**Workforce Office**"), which shall have the powers described below unless otherwise provided by law.

(a) All subcontracts related to the Agreement ("**Subcontracts**") shall incorporate the provisions of this Section 32 and the Authority shall have the right to enforce said obligations, requirements and agreements against the Subtenant or its subcontractors. Subtenant shall require, by contract, that each subcontractor participate in Enforcement Procedure proceedings in which it may be identified, and that each subcontractor shall be bound by the outcome of such Enforcement Procedure according to the decision of the Workforce Office.

32.7 Enforcement Procedure.

(a) Initiation and Process. If the Authority reasonably determines that Subtenant has failed to use Good Faith Efforts to meet the Workforce Goals, or for any other matter subject to this Enforcement Procedure, the Authority shall send a written Notice of Noncompliance to Subtenant describing the basis for its determination and suggesting a means to cure any deficiencies. If Subtenant does not, in the reasonable discretion of the Authority, cure the deficiency within thirty (30) days, the matter shall be submitted to the following Enforcement Procedure.

(i) Before the filing and service of a request to the Workforce Office (a "**Request**"), the parties to any dispute shall meet and confer in an attempt to resolve the dispute.

(ii) The Authority, Subtenant or any subcontractor may commence resolution of any dispute covered by the Enforcement Procedure by filing a Request and sending a copy to each involved entity including the Authority. The Request shall be filed and served either by hand delivery or by registered or certified mail. The Request shall identify the entities involved in the dispute and state the exact nature of the dispute and the relief sought. If the complaining party seeks a temporary restraining order and/or a preliminary injunction, the Request shall so state in the caption of the Request.

(iii) Service on the Subtenant of the Request or any notice provided for by this Section 32 shall constitute service of the Request or notice on all subcontractors who are identified as being in alleged noncompliance in the Request. The Subtenant shall promptly serve the Request or notice, by hand delivery or registered or certified mail, on all such subcontractors.

(iv) The TIHDI Job Broker shall have the right to present testimony or documentary evidence at Enforcement Procedure proceedings.

(v) After the filing and the service of a Request, the parties shall negotiate in good faith for a period of 10 business days in an attempt to resolve the dispute; provided that the complaining party may proceed immediately to the Enforcement Procedure, without engaging in such a conference or negotiations, if the facts could reasonably be construed to support the issuance of a temporary restraining order or a preliminary injunction ("**Temporary Relief**"). The Workforce Office shall determine whether the facts reasonably support the issuance of Temporary Relief.

(vi) If the dispute is not settled within 10 business days, a hearing shall be held within 90 days of the date of the filing of the Request, unless otherwise agreed by the Parties or ordered by the Workforce Office upon a showing of good cause; provided, that if the complaining party seeks Temporary Relief, the hearing on the motion shall be heard not later than ten (10) following the Request. The Workforce Office shall set the date, time and place for the Enforcement Procedure hearings. In the Enforcement Procedure proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05.

(b) Workforce Office's Decision. The Workforce Office shall render a decision within 20 days of the date that the hearing; provided that where a temporary restraining order is sought, the Workforce Office shall render a decision not later than 24 hours after the hearing on the motion. The Workforce Office shall send the decision by certified or registered mail to the Authority, the Subtenant and the subcontractor, if any.

(i) The Workforce Office may enter a default award against any party who fails to appear at the hearing; provided said party received actual notice of the hearing. In a proceeding seeking a default award against a party other than the Subtenant, the Subtenant shall provide proof of service on the party as required by this Section. In order to obtain a default award, the

complaining party need not first seek or obtain an order to arbitrate the controversy under Code of Civil Procedure §1281.2.

(ii) Except as otherwise provided in this Section 32, the Workforce Office shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of the Agreement, or to negotiate new agreements or provisions between the Parties.

(iii) The inquiry of the Workforce Office shall be restricted to the particular controversy that gave rise to the request for the Enforcement Procedure. A decision of the Workforce Office issued hereunder shall be final and binding upon the Authority, Subtenant, and subcontractors. The losing party shall pay the Workforce Office's fees and related costs of the Enforcement Procedure. Each party shall pay its own attorneys' fees provided that fees may be awarded to the prevailing party if the Workforce Office finds that the Request was frivolous or that the Enforcement Procedure action was otherwise instituted or litigated in bad faith.

(c) Remedies and Sanctions. Except as may otherwise be expressly provided herein, the Workforce Office may impose only the remedies and sanctions set forth below and only against a non-compliant party:

(i) Order specific, reasonable actions and procedures, in the form of a temporary restraining order, preliminary injunction or permanent injunction, to mitigate the effects of the failure to make Good Faith Efforts, and/or to require Subtenant and/or its subcontractors to make such Good Faith Efforts, including, but not limited to, orders enjoining the Subtenant from recruiting, screening or hiring (through new hires, transfers or otherwise) any person for employment at the Premises pending resolution of the alleged deficiency.

(ii) Require the Subtenant or Subcontractors to refrain from entering into new contracts related to work related to the Agreement, or from granting extensions or other modifications to existing contracts related to the Agreement, other than those minor modifications or extensions necessary to enable completion of the work covered by the existing contract, with any non-compliant subcontractor until such subcontractor provides assurances satisfactory to the Authority and the Subtenant of future Good Faith Efforts to comply with the Workforce Goals.

(iii) Direct the Subtenant or subcontractor to cancel, terminate, suspend or cause to be canceled, terminated or suspended, any contract or lease or portions thereof for failure of the subcontractor to make Good Faith Efforts to comply with the Workforce Goals, provided, however that Subcontracts may be continued upon the condition that a program for future compliance is approved by the Authority.

(iv) If the Subtenant or subcontractor is found to be in willful breach of its obligations to make Good Faith Efforts to achieve the Workforce Goals, impose financial penalties not to exceed \$5,000 or 10 percent of the total monetary consideration contemplated by the contract at issue, whichever is less, for such breach on the party responsible for the willful breach; provided, however, no penalty shall be imposed pursuant to this paragraph for the first willful breach unless the breaching party has failed to cure after being provided notice and a reasonable opportunity to cure. The Subtenant or subcontractor may impose penalties for subsequent willful breaches whether or not the breach is subsequently cured. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.

(v) Direct that the Subtenant or subcontractor produce and provide to the Authority any records, data or reports that are necessary to determine if a violation has occurred and/or to monitor the performance of the Subtenant or Subcontractor.

(vi) Issue such other relief deemed necessary to ensure that the Good Faith Efforts are made prospectively.

(d) Delays Due to Enforcement. If Subtenant does not timely perform its obligations under this Agreement with the Authority because of a Workforce Office's order against a party other than the Subtenant, or against the Subtenant so long as Subtenant has made reasonable efforts to comply with the Hiring Plan, such order shall be deemed a Force Majeure Event, and all times shall be extended as provided in this Agreement for Force Majeure Events; provided Subtenant makes good faith efforts to minimize any delays.

(e) Release. The Subtenant and its subcontractors hereby forever waive and release any and all claims against the Authority for Losses arising under or related to this Section 32.

(f) California Law Applies. California law, including the California Arbitration Act, Code of Civil Procedure §§1280 through 1294.2, shall govern all the Enforcement Proceedings.

32.8 Relationship to Other Employment Agreements. Nothing in this Agreement shall be interpreted to prohibit the continuation of existing workforce-training agreements or interfere with consent decrees, collective bargaining agreements or existing employment contracts. In the case of collective bargaining agreements, Subtenant will take primary responsibility for integrating the requirements of Subtenant's Workforce Goals with any such collective bargaining agreements. As necessary, Subtenant will attempt to negotiate equivalent first source hiring obligations with relevant unions.

32.9 Local Hire. Subtenant agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

33 GENERAL PROVISIONS

33.1 Notices. Except as otherwise expressly provided in this Agreement, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, with postage prepaid as follows:

Notice Address of Authority:

Treasure Island Development Authority
One Avenue of Palms, Suite 241
San Francisco, CA
Attn: Director
Fax No.: 415-274-0299

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attn: RE/Finance
Fax No.: (415) 554-4755

Notice Address of Subtenant:

With a Copy to:

Notice Address of Master Landlord: Commanding Officer (Code 624)
(Engineering Field Activity West (Bldg. 20812)
Naval Facilities Engineering Command
900 Commodore Drive
San Bruno, California 94066
Attn: Base Conversion Manager-NSTI

Any Party hereunder may designate a new address for notice hereunder by notice given to the other in accordance with the provisions of this Section at least five (5) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made if sent by overnight courier, or upon the date personal delivery is made. For convenience of the Parties, copies of notices may also be given by telefacsimile; however, neither party may give official or binding notice by facsimile. Subtenant shall promptly provide City with copies of any and all notices received regarding any alleged violation of laws or insurance requirements or any alleged unsafe condition or practice.

33.2 No Implied Waiver. No failure by the Authority to insist upon the strict performance of any obligation of Subtenant under this Agreement or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial Rent during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises before the expiration of the Term by any Agent of the Authority, shall constitute a waiver of such breach or of the Authority's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Agreement. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of the Authority given in any instance under the terms of this Agreement shall not relieve Subtenant of any obligation to secure the consent of the Authority in any other or future instance under this Agreement. The provisions of this Section 33.2 shall be mutual to the extent applicable.

33.3 Approvals and Consents. Unless otherwise expressly provided in this Agreement, whenever approval, consent or satisfaction is required of the Authority or Subtenant under this Agreement, it shall not be unreasonably withheld, conditioned or delayed. The reasons for any disapproval of consent hereunder shall be stated in reasonable detail in writing. Approval by a Party of any act or request by the other Party shall not be deemed to waive or render unnecessary approval to or of any similar or subsequent acts or requests. Whenever approval or consent of the Authority is required under this Agreement, such approval shall mean the approval of the Director. If the Director determines that action or approval is required by the Authority's Commission, the Director shall submit such matter to the Authority's Commission at the next regularly-scheduled meeting for which an agenda has not yet been finalized and for which the Authority can prepare and submit a staff report in keeping with the Authority's standard practices.

33.3 Amendments. The terms of this Agreement may not be changed, waived, or terminated except by a written instrument signed by the Parties.

33.4 Due Authorization and Execution. The person signing for the Authority represents and warrants that the Authority is a non-profit, public benefit corporation, and an instrumentality of the State of California and the City and County of San Francisco, and that he or she has the right and authority to execute this Agreement. If Subtenant signs as a corporation, a partnership, a limited liability company, or similar entity, Subtenant hereby covenants and warrants that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has the full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon the Authority's request, Subtenant shall provide Authority with evidence reasonably satisfactory to the Authority confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant and the Authority each represents and warrants to the other that it has full power to make the waivers and releases, indemnities and the disclosure set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into an Agreement containing those provisions and their legal effect.

33.5 Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant or one entity that makes up Subtenant, the obligations and liabilities under this Agreement imposed on Subtenant shall be joint and several.

33.6 Interpretation of Agreement. The recitals and the captions preceding the articles and sections of this Agreement and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Agreement. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting. Provisions in this Agreement relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Agreement, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

33.7 Successors and Assigns. Subject to the provisions of Section 20, the terms, covenants and conditions contained in this Agreement shall bind and inure to the benefit of the Authority and Subtenant and, except as otherwise provided herein, their representatives and successors and assigns.

33.8 Brokers. Neither party has had any contact nor dealings regarding the leasing of the Premises or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Agreement contemplated herein. If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive the expiration or termination of this Agreement.

33.9 Severability. If any provision of this Agreement or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by Law.

33.10 Governing Law. This Agreement shall be construed and enforced in accordance with the Laws of the State of California.

33.11 Entire Agreement. This Agreement, including the exhibits, contain the entire agreement between the Parties and supersede all prior or written or oral negotiations, discussions, understandings and agreements. The execution of this Agreement by the Authority shall be deemed to constitute approval of each exhibit hereto. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative or other legal proceeding involving this Agreement. Subtenant and the Authority hereby acknowledge that neither the other nor the other's Agents have made any representations or warranties with respect to the Premises or this Agreement except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by either Subtenant or the Authority by implication or otherwise unless expressly set forth herein.

33.12 Attorneys' Fees. If either the Authority or Subtenant fails to perform any of its obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all reasonable costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including court costs and reasonable attorneys' fees. For purposes of this Agreement, reasonable fees of attorneys of the Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Authority.

33.13 Time of Essence. Time is of the essence with respect to all provisions of this Agreement in which a definite time for performance is specified.

33.14 Cumulative Remedies. All rights and remedies of either party hereto set forth in this Agreement shall be cumulative, except as may otherwise be provided herein.

33.15 Survival of Indemnities. Termination of this Agreement shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Agreement, nor shall it affect any provision of this Agreement that expressly states it shall survive termination hereof.

33.16 Relationship of Parties. The Authority is not, and none of the provisions in this Agreement shall be deemed to render the Authority, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Agreement is not intended nor shall it be construed to create any third party beneficiary rights in any third party, including residential tenants and TIHDI, unless otherwise expressly provided.

33.17 Non-Liability of Parties' Officials and Employees. No elective or appointive board, commission, member, officer or employee of either of the Parties or their Agents shall be

personally liable in the event of any default, breach or for any amount which may become due, or for any obligation under this Agreement.

33.18 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

34. SPECIAL PROVISIONS

34.1. Non-Discrimination in Contracts and Benefits Ordinance.

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

(b) Subleases and Other Subcontracts. Subtenant shall include in all subleases and other subcontracts (not including the Rental Agreements) relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Subtenant does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) CMD Form. As a condition to this Agreement, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure approval of the form. Subtenant hereby represents that prior to execution of this Agreement, (i) Subtenant executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and (ii) CMD approved such form.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the

San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Subtenant and/or deducted from any payments due Subtenant.

34.2 MacBride Principles -Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

34.3 Tropical Hardwood and Virgin Redwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the Work or Alterations, or otherwise in the performance of this Agreement, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. If Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant may be liable for liquidated damages as set forth in Chapter 8.

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

34.5 Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Authority, including the Premises. This prohibition includes the placement of the name of a company producing selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

34.6 Prohibition on Alcohol Advertising. Subtenant acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises, except in areas that are operated as a restaurant, a concert or sports venue, or places where the sale, production or consumption of alcohol is permitted. For purposes of this section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing, selling or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (a) communicate the health hazards of alcoholic beverages, (b) encourage people not to drink alcohol or to stop drinking alcohol, or (c) provide or publicize drug or alcohol treatment or rehabilitation services.

34.7 Holding Over. If Subtenant retains possession of any portion of the Premises after the expiration or the earlier termination of this Agreement, then unless the Authority expressly agrees to the holdover in writing, Subtenant shall pay the Authority, on a month-to-month basis Base Rent equal to one hundred and fifty percent (150%) of the latest Base Rent payable by Subtenant hereunder prior to such expiration, together with an amount estimated by the Authority for any additional charges payable under this Agreement, and shall otherwise be on the terms and conditions herein specified so far as applicable (except for those pertaining to the Term and any Extension Options). Any failure by Subtenant to surrender, discontinue using, or, if required by the Authority, any failure to remove any property or equipment following written demand for the same by the Authority, shall constitute continuing possession for purposes hereof. Subtenant acknowledges that the foregoing provisions shall not serve as permission for the Subtenant to hold over, nor serve to extend the term of this Agreement beyond the end on the term hereof. Any holding over without the Authority's consent shall constitute a default by Subtenant and entitle the Authority to exercise any or all of its remedies as provided herein, notwithstanding that the Authority may elect to accept one or more payments of Rent, and whether or not such amounts are at the holdover rate specified above or the rate in effect at the end of the Term of this Agreement. Any holding over after the expiration of the Term with the express consent of the Authority shall be construed to automatically extend the Term of this Agreement on a month-to-month basis at a Base Rent equal to the latest Base Rent payable by Subtenant hereunder prior to such expiration, together with an amount estimated by the Authority for any additional monthly charges payable under this Agreement, and shall otherwise be on the terms and conditions herein specified so far as applicable (except for those pertaining to the Term and any Extension Options). Subtenant's obligations under this Section shall survive the expiration or termination of this Agreement.

34.8 Prevailing Wages. Subtenant agrees that any person performing labor in the erection, construction, renovation, alteration, improvement, demolition, excavation, installation or repair (not including maintenance) of any building, structure, improvement, infrastructure, road, park, utility or similar facility on the Premises, provided by or through Subtenant under this Agreement, shall be paid not less than the highest prevailing rate of wages, and shall be subject to hours and days of labor requirements that are established under San Francisco Administrative Code Section 6.22(E) and 6.22(F). Subtenant shall require that all contracts and subcontracts for such work contain the requirements of San Francisco Administrative Code Sections 6.22(E), subsections (4) – (8), and 6.22(F), and shall reference the Authority's rights as set forth in this Section, including but not limited to the Authority's (and Subtenant's) right to withhold funds and impose penalties against any contractor or subcontractor that fails to pay prevailing wages as required in this Section. Subtenant shall also require any contractor to electronically submit, for itself and for all subcontractors, certified payroll reports and statements of compliance in the manner specified by the Authority for all persons performing labor as set forth above. Subtenant shall have all rights and remedies, including the right to withhold payments or assess penalties, against any contractor and subcontractor as set forth in Section 6.22(E) (8) for failure to pay prevailing wages as set forth in this Section. In addition, Sublandlord and Subtenant shall jointly collaborate on any such remedial action to ensure compliance with this Section, including the assessment of penalties and, when warranted, the termination of any contractor or subcontractor.

34.9 Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (a) prohibit the use of certain pesticides on City or Authority property, (b) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (c) require Subtenant to submit to the Authority an integrated pest management ("IPM") plan, if applicable, that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Agreement, (ii) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of

the Pesticide Ordinance and (iii) identifies, by name, title, address and telephone number, an individual to act as the Subtenant's primary IPM contact person. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing herein shall prevent Subtenant from seeking a determination from the Commission on the Environment that it is exempt from complying with certain portions of the Pesticide Ordinance .

34.10 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between the Authority and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

34.11 Drug Free Workplace. Subtenant acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City and Authority premises. Subtenant agrees that any violation of this prohibition by Subtenant, its Agents or assigns shall be deemed a material breach of this Agreement.

34.12 Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Agreement. the Authority shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving the Authority's written notice of a breach of this Agreement for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the Authority shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the Authority.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing

Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Authority may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that the Authority has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City or the Authority with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to the Authority in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Subtenant shall provide the Authority with access to records pertaining to compliance with HCAO after receiving a written request from the Authority to do so and being provided at least five (5) business days to respond.

(j) the Authority may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with the Authority when it conducts such audits.

34.13 Notification of Limitations on Contributions. Through its execution of this Agreement, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City or the Authority for the selling or leasing of any land or building to or from the City or the Authority whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Subtenant acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Subtenant further acknowledges that the prohibition on contributions applies to each Subtenant; each member of Subtenant's board of directors, and Subtenant's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Subtenant; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Subtenant. Additionally, Subtenant acknowledges that Subtenant must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Subtenant further agrees to provide to City the name of each person, entity or committee described above.

34.14 Preservative-Treated Wood Containing Arsenic. Subtenant may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Environment Code Chapter 13 is obtained from

the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

34.15 Resource Efficient City Buildings and Pilot Projects. Subtenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Subtenant hereby agrees that it shall comply with all applicable provisions of such code sections.

34.16 Food Service Waste Reduction. Subtenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Sublease as though fully set forth. This provision is a material term of this Sublease. By entering into this Sublease, Subtenant agrees that if it breaches this provision, Sublandlord will suffer actual damages that will be impractical or extremely difficult to determine; further, Subtenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that Sublandlord will incur based on the violation, established in light of the circumstances existing at the time this Sublease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by Sublandlord because of Subtenant's failure to comply with this provision.

34.17 Estoppel Certificates. At any time and from time to time, within ten (10) days after Sublandlord's request, Subtenant will execute, acknowledge and deliver to Sublandlord a statement certifying the following matters: (a) the Commencement Date and Expiration Date of this Sublease; (b) that this Sublease is unmodified and in full force and effect (or if there have been modifications, that this Sublease is in full force and effect as modified and the date and nature of such modifications); (c) the dates to which the Rent has been paid; (d) that there are no Events of Default under this Sublease (or if there are any Events of Default, the nature of such Event of Default); and (e) any other matters reasonably requested by Sublandlord. Sublandlord and Subtenant intend that any such statement delivered pursuant to this paragraph may be relied upon by any assignee of Sublandlord's interest in the Master Lease or this Sublease, any mortgagee or any purchaser or prospective purchaser of the building or land on which the Premises are located. Subtenant irrevocably appoints Sublandlord, as Subtenant's agent, to execute and deliver in the name of Sublandlord any such instrument if Subtenant fails to do so, which failure shall also be an Event of Default under this Sublease.

Authority and Subtenant have executed this Agreement as of the date first written above.

DATED:

SUBTENANT:

By: _____
Its: _____

AUTHORITY:

**THE TREASURE ISLAND DEVELOPMENT, a
California nonprofit public benefit corporation**

By _____
Its: _____

DRAFT

Approved as to Form:

DENNIS J. HERRERA, City Attorney

Charles Sullivan, Deputy City Attorney

Approved:

United States Navy

By: _____

Its: _____

DRAFT

**REQUEST FOR PROPOSALS FOR
SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT
FOR MARKET-RATE RENTAL HOUSING, TREASURE ISLAND**

Attachment E

TIHDI Workforce Hiring Plan

As part of the workforce hiring goals for Treasure Island, the Treasure Island Development Authority's (TIDA) requires that Island commercial tenants are to make good faith efforts to fill appropriate available on-Island positions through the Treasure Island Homeless Development Initiative (TIHDI) TIHDI Job Broker Program (TJBP). All new non-supervisory positions created by on-Island commercial tenants and businesses should be opened to consideration of TJBP candidates, and San Francisco residents should account for a majority of all new hires by on-Island commercial tenants and businesses.

In order to help commercial tenants reach these goals, the TJBP provides free and immediate access to San Francisco's extensive non-profit employment & training programs and to a resource pool of individuals with varied skill levels and work experience backgrounds.

Through the TJBP, a job description and set of qualification requirements for the new or open position is distributed to the TJBP's network of employment service agencies on behalf of the commercial tenant. Appropriate candidates from these agencies are then referred to the commercial tenant for interviewing. All of the TJBP referrals are required to meet universal standards of job readiness.

To effectively implement the Good Faith provisions of the TJBP, commercial tenants are asked to provide TIHDI with a written plan, list available jobs with TIHDI prior to public advertisement, consider TJBP referrals, and establish an ongoing relationship with the TJBP.

Additionally, if a commercial tenant does not anticipate making any new hires, it can meet its requirements under the TJBP by contracting with one of the two on-Island social enterprise operations: Toolworks Janitorial Services and/or Rubicon Programs Landscaping. Contact the TIHDI Job Broker for these services and for further information on the TIHDI Job Broker System to discuss and develop your workforce hiring plan.

For further information on the TIHDI Job Broker Program, please contact:

Roxanne Balousek, TIHDI Job Broker
(415) 274-0311 ex. 304
rbalousek@tihdi.org

**REQUEST FOR PROPOSALS FOR
SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT
FOR MARKET-RATE RENTAL HOUSING, TREASURE ISLAND**

Attachment F

TRANSITION HOUSING RULES AND REGULATIONS FOR THE VILLAGES AT TREASURE ISLAND

1st Modification-02/28/2013

TREASURE ISLAND DEVELOPMENT AUTHORITY

TRANSITION HOUSING RULES AND REGULATIONS

FOR THE VILLAGES AT TREASURE ISLAND

ADOPTED BY

TREASURE ISLAND DEVELOPMENT AUTHORITY

BOARD OF DIRECTORS

Resolution No.

[date]

TRANSITION HOUSING RULES AND REGULATIONS
FOR THE VILLAGES AT TREASURE ISLAND

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- Appendix 3: Sample Moving Expense Allowance Schedule
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**TRANSITION HOUSING RULES AND REGULATIONS
FOR THE VILLAGES AT TREASURE ISLAND**

I. GENERAL

A. Background

These Transition Housing Rules and Regulations for The Villages at Treasure Island (“**Transition Housing Rules and Regulations**”) reflect the decision of the Treasure Island Development Authority Board of Directors (“**TIDA Board**”) to implement certain recommendations made by the Board of Supervisors of the City and County of San Francisco (“**City**”) in Resolution No. 699-06 (the “**Term Sheet Resolution**”). Definitions used in these Transition Housing Rules and Regulations are provided in **Appendix 4** for reference.

During World War II, Naval Station Treasure Island (“**NSTI**”) was used as a center for receiving, training, and dispatching service personnel.

After the war, NSTI was used primarily as a naval training and administrative center. In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510, 10 U.S.C. § 2687 and its subsequent amendments (“**BRAC**”). The Department of Defense subsequently designated the City as the Local Reuse Authority responsible for the conversion of NSTI to civilian use under the federal disposition process.

The City opted to negotiate for the transfer of NSTI under the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Pub. Law 103-421) (the “**Base Redevelopment Act**”) amending BRAC, under which certain portions of NSTI would be set aside for homeless assistance programs in a manner that balances the economic development needs of the redevelopment process. A consortium of nonprofit organizations is providing a variety of services to the formerly homeless (currently, Catholic Charities, Community Housing Partnership, Rubicon Programs, Swords for Ploughshares, and Walden House), organized as the Treasure Island Homeless Development Initiative (“**TIHDI**”), to coordinate the homeless assistance programs to be provided under the Base Redevelopment Act.

In anticipation of base closure and following a public planning process, the Mayor, the Board of Supervisors, and the Planning Commission endorsed a Draft Base Reuse Plan for NSTI in 1996 outlining opportunities, constraints, policy goals, and recommendations for the redevelopment of NSTI. The City entered into an agreement with TIHDI in 1996 to develop and implement the homeless component under the Base Reuse Plan, which includes the right to temporary use of former military housing at NSTI and permanent housing through the base redevelopment process. The City formed Treasure Island Development Authority (“**TIDA**”) as a redevelopment agency under California redevelopment law and designated TIDA as the City’s

Local Reuse Authority for NSTI as authorized under the Treasure Island Conversion Act of 1997 (Assembly Bill No. 699, Stats. 1997, ch. 898).

TIDA initiated formal negotiations with the Navy in 1997, the same year the Navy formally closed base operations at NSTI. Also in 1997, the Navy contracted with the City (and subsequently, TIDA) to manage the property pending negotiations for its transfer and redevelopment. As part of managing NSTI on behalf of the Navy, TIDA began subleasing at market rates a portion of the former military housing now known as The Villages at Treasure Island (“**The Villages**”) through a master lease with The John Stewart Company, and directly leasing space to a variety of commercial tenants. The master leases, the Residential Leases for Villages units, and commercial leases are interim pending the Navy’s transfer of NSTI to TIDA for redevelopment and reuse.

TIDA selected Treasure Island Community Development, LLC (“**TICD**”) in 2003 for exclusive negotiations for the master redevelopment of NSTI. The Board of Supervisors adopted the Term Sheet Resolution in 2006, endorsing the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (as updated and endorsed by the TIDA Board of Directors and the Board of Supervisors in 2010, the “**Development Plan**”), conditioned on completion of environmental review under the California Environmental Quality Act (“**CEQA**”), an extensive community review process, and endorsement by the Treasure Island/Yerba Buena Island Citizen’s Advisory Board and the TIDA Board. The Development Plan will serve as the basis for a Development and Disposition Agreement between TIDA and TICD (as amended, the “**DDA**”), which will govern their respective rights and obligations for the redevelopment of certain portions of NSTI if approved by the TIDA Board and the Board of Supervisors after completion of CEQA review. In the Term Sheet Resolution, the Board of Supervisors recommended that the TIDA Board create a transition program setting forth terms by which existing residents of NSTI could have the opportunity to rent at reduced rents or buy newly-constructed units on Treasure Island.

Consistent with Assembly Bill No. 699, the Development Plan specifies that all of the former military housing on the NSTI (except certain historic buildings) eventually will be demolished. As outlined in the Development Plan, TIDA and TICD intend to phase redevelopment so that new housing can be built on NSTI before demolishing most of the existing residential structures as follows.

- Redevelopment of Yerba Buena Island is planned as part of the first phase of the redevelopment project, requiring demolition of existing Yerba Buena Island housing to be among TICD’s first development activities. Transitioning Households on Yerba Buena Island affected by the early phases of redevelopment will be offered Existing Units on Treasure Island through Interim Moves.
- Demolition of the housing on Treasure Island is proposed to occur in the later phases of the redevelopment project. But some Transitioning Households may be asked to make Long-Term Moves in earlier phases as new housing becomes available for occupancy.

B. Purpose

These Transition Housing Rules and Regulations:

- are designed to ensure that eligible Villages Households who satisfy all qualifications of Transitioning Households under **Section II.A** (Determination of Household Eligibility for Transition Benefits) receive housing opportunities consistent with the Term Sheet Resolution;
- describe benefits below (“**Transition Benefits**”) that are available only to Transitioning Households;
- specify the eligibility criteria for Transitioning Households to receive Transition Benefits; and
- outline the procedures by which Transitioning Households will be offered Transition Benefits, including the opportunity to occupy new housing to be built on TI.

C. Limits of Applicability

The Transition Benefits under these Transition Rules and Regulations:

- apply only to Transitioning Households required to move to accommodate redevelopment of NSTI in accordance with the DDA;
- do not apply if TIDA must relocate Villages and TIHDI residents due to disaster or other event affecting living conditions on NSTI, except as specifically set forth herein; and
- do not apply to:
 - Villages Households that do not satisfy all qualifications of Transitioning Households under **Section II.A** (Determination of Household Eligibility for Transition Benefits); or
 - residents in housing managed by TIHDI member organizations, who will have the opportunity to move to new supportive housing that TIHDI will develop under the proposed Amended and Restated Base Closure Homeless Assistance Agreement; or
 - TIDA’s commercial tenants.

D. Overview and Program Framework

Two types of moves affecting Transitioning Households are anticipated as NSTI is redeveloped:

- **Interim Moves**, in which a Transitioning Household moves from one Existing Unit in The Villages to another Villages Existing Unit on Treasure Island following receipt of a Notice to Move. An example of this would be a move from an Existing Unit in an area proposed for redevelopment in an early phase to an Existing Unit on Treasure Island. *Most Transitioning Households will not be asked to make an Interim Move.*
- **Long-Term Moves**, in which a Transitioning Household moves from one of the Existing Units to a newly-constructed Dwelling on Treasure Island. All Transitioning Households (including those that previously made an Interim Move) will have the opportunity to make this move.

Key elements of these Transition Housing Rules and Regulations are:

- All Transitioning Households that receive a Notice to Move for either an Interim Move or a Long-Term Move will be eligible for Transition Benefits under these Transition Housing Rules and Regulations.
- NSTI residents who move off-Island before they receive a Notice to Move and an offer of Transition Benefits are not Transitioning Households and will not be eligible for Transition Benefits.
- All Transitioning Households will have the opportunity to remain on Treasure Island. No eligible Transitioning Household will be required to move before receiving an offer of Transition Benefits.
- Transitioning Households will have an opportunity to select one of the three Transition Benefit Options described in these Transition Housing Rules and Regulations:
 - the Transition Unit Option to move into rental housing on Treasure Island (See **Article V** (Description of Transition Unit Option));
 - the In-Lieu Payment Option for a lump sum payment upon moving off-Island (See **Article VI** (Description of In-Lieu Payment Option)); or
 - the Unit Purchase Assistance Option for down payment assistance in the purchase of a newly-constructed Dwelling on NSTI (See **Article VII** (Description of Unit Purchase Assistance Option)).

- Moving assistance will be provided to Transitioning Households that:
 - make Interim Moves to other Existing Units on Treasure Island; or
 - select the Transition Unit Option and make Long-Term Moves from their Existing Units to new Transition Units.
- A Premarketing Window to purchase newly-constructed Dwellings on NSTI will be available to:
 - all Transitioning Households in Existing Units before they have selected a Transition Benefit; and
 - Post-Transition Tenants that selected the In-Lieu Payment Option and received an In-Lieu Payment.
- Any resident of The Villages who moves onto NSTI after the DDA Effective Date will be a Post-DDA Tenant under these Transition Housing Rules and Regulations. Post-DDA Tenants who by definition do not qualify for an exception under **Section II.A.1** (Defined Terms for Determining Eligibility) are ineligible for Transition Benefits, but will be offered transition advisory services when required to move.

E. Effective Date

These Transition Housing Rules and Regulations will be effective on the date the DDA becomes effective (the “**DDA Effective Date**”), if the DDA is approved by the TIDA Board and the Board of Supervisors after completion of CEQA review.

II. ELIGIBILITY

A. Determination of Household Eligibility for Transition Benefits

The first step in determining whether a Villages Household is eligible for Transition Benefits is determining the status of the Household, based on the criteria below.

Only Transitioning Households are eligible for Transition Benefits. Transition Benefits are offered to each Transitioning Household as a Household and not to individual members of the Household.

1. Defined Terms for Determining Eligibility. TIDA will determine the members of a Transitioning Household based on the following definitions:

a. “**Existing Unit**” means a Dwelling located on NSTI that is occupied by a Transitioning Household as its primary Dwelling before receipt of a First Notice to Move or an Interim Notice to Move.

b. **“Good Standing”** means that TIDA does not have grounds for eviction as described in **Section XII.A** (Eviction).

c. **“Household”** means an individual, or two or more individuals, related or unrelated, who live together in an Existing Unit as their primary Dwelling, or one or more families occupying a single Existing Unit as their primary Dwelling, including: (i) all adult Household members who are named in the Residential Lease; (ii) minor children in the Household; and (iii) the spouse or registered domestic partner of a Household member. Under these Transition Housing Rules and Regulations, all occupants of a single Existing Unit constitute a single Household, and a Household may include both Post-DDA Tenants and members of a Transitioning Household.

d. **“Post-DDA Tenant”** means a resident who moves onto NSTI after the DDA Effective Date, except as follows: (i) a spouse or registered domestic partner of a member of a Transitioning Household; (ii) a minor child of a member of a Transitioning Household; and (iii) a live-in caregiver for a member of a Transitioning Household who has been approved by TIDA or its agent to reside in the Existing Unit. Persons in categories (i) and (ii) above will only be considered a member of a Transitioning Household if the Household notified TIDA in writing of the new Household member, and requested that the Person's name be added to the Residential Lease at the time that the Household member joined the Household, or, if that Person became a member of the Household after TIDA's most recent notice of annual change in base rent under the Residential Lease.

e. **“Residential Lease”** means the lease agreement, including any addenda, under which a Transitioning Household or a Post-DDA Tenant lawfully occupies an Existing Unit, or under which an employer provides employee housing for employees working on NSTI.

f. **“Transitioning Household”** means a Villages Household consisting of residents who: (i) lawfully occupied an Existing Unit in The Villages as its primary Dwelling on the DDA Effective Date as evidenced by each adult resident's signature on the Residential Lease and each minor child identified as an occupant in the Residential Lease; (ii) continue to live in an Existing Unit until the Household receives a First Notice to Move for a Long-Term Move or accepts an In-Lieu Payment or Down Payment Assistance; and (iii) remain in Good Standing under its Residential Lease until the Household receives a First Notice to Move for a Long Term Move or accepts an In-Lieu Payment or Down Payment Assistance. A Transitioning Household specifically excludes the following: (A) any Person or Household in Unlawful Occupancy of the Existing Unit; (B) any Post-DDA Tenant in the Household; (C) any Person who occupies an Existing Unit under an arrangement with a business entity that has entered into a Residential Lease with TIDA; and (D) any Person who occupies the Existing Unit solely for the purpose of obtaining Transition Benefits.

g. **“Unlawful Occupancy”** means: (i) a Person or Household has been ordered to move by a valid court order; (ii) the Person's or Household's tenancy has been lawfully terminated, if the termination was not undertaken for the purpose of evading the obligations of these Transition Housing Rules and Regulations; or (iii) a Person is not listed on

the Residential Lease, except for a: (x) spouse or registered domestic partner of a member of a Transitioning Household; (y) minor child of a member of a Transitioning Household; or (z) live-in caregiver for a member of a Transitioning Household who has been approved by TIDA or TIDA's agent to reside in the unit, provided that Persons in categories (x) and (y) have met the requirements to be considered a Post-DDA Tenant.

h. **“Force Majeure Household”** means a Household that is not a Post DDA Household and is not in Unlawful Occupancy is required by TIDA or any other agency to move from an Existing Unit off of NSTI as a result of a natural disaster or other condition that makes the Existing Unit uninhabitable prior to the Household receiving a First Notice to Move.

2. TIDA Records of Eligibility. Based on information available to TIDA, including information provided by Villages Households during and in follow-up to interviews under **Section III.B** (Interview Households and Offer Advisory Services), TIDA will maintain records indicating which members of each Villages Household constitute an eligible Transitioning Household and which members are Post-DDA Tenants or otherwise not qualified for Transition Benefits.

B. Ineligible Residents

1. Post-DDA Tenants. Post-DDA Tenants are ineligible for Transition Benefits. A Post-DDA Tenant may be a resident in an Existing Unit in which other residents constitute a Transitioning Household. Post-DDA Tenants will be eligible only for transition advisory services under these Transition Housing Rules and Regulations.

2. Unlawful Occupancy. A resident in Unlawful Occupancy of an Existing Unit is ineligible for Transition Benefits or advisory services under these Transition Housing Rules and Regulations.

III. TRANSITION NOTICES AND PROCEDURES

A. First Notice to Move

1. Delivery of First Notice to Move. TIDA will deliver a First Notice to Move to each affected Household before the Household is required to move to facilitate the ongoing redevelopment of NSTI.

2. Time of Notice. The First Notice to Move will be delivered: (a) no less than 90 days before the date by which an Interim Move must occur; and (b) no less than 120 days before the date by which a Long-Term Move must occur.

3. Contents of Notice. The First Notice to Move will state:

- a. whether the move will be an Interim Move or a Long-Term Move;
- b. TIDA's intent to terminate the Residential Lease for the Existing Unit on a specified date, by which the Household will be required to move;

c. whether TIDA records: (i) list any or all of the members of the Household as an eligible Transitioning Household; or (ii) indicate that any members of the Household are Post-DDA Tenants or are otherwise ineligible for Transition Benefits;

d. if TIDA records indicate that any members of the Household are or may be a Transitioning Household: (i) additional information or verifications necessary to determine eligibility as a Transitioning Household; (ii) a general description of the Transition Benefits that a Transitioning Household may receive under these Transition Housing Rules and Regulations; (iii) additional steps a Transitioning Household must take to secure Transition Benefits, such as setting up an interview to provide TIDA with the information necessary to complete income certification requirements and determine the composition of the Transitioning Household; and (iv) the time-frame for setting up the informational interview to establish the Transitioning Household's housing needs and certify Household Income;

e. if TIDA records indicate that the entire Household (or any member of the Household) is not a Transitioning Household but is a Post-DDA Tenant, information regarding advisory services available to Post-DDA Tenants and on the Household's opportunity to present information demonstrating its eligibility as a Transitioning Household;

f. contact information for questions about the notice or process; and

g. that the notice and all future notices will be translated into a language understood by the Household if the Household notifies TIDA that the Household does not include an adult fluent in English.

B. Interview Household and Offer Advisory Services

1. Schedule Interview. After the First Notice to Move is delivered, TIDA will contact each Household to set up interviews. TIDA will provide sufficient advance notice and scheduling flexibility to enable each adult in the Household (except those in Unlawful Occupancy of the Existing Unit) to be interviewed, so that TIDA can obtain required information and provide advisory services described below.

2. Advisory Services for Transitioning Households:

a. The interviews will enable TIDA to: (i) describe and explain any applicable eligibility requirements for the specific Transition Benefits available to the Transitioning Household under these Transition Housing Rules and Regulations; (ii) advise and assist the Transitioning Household in evaluating its housing needs; (iii) identify any special needs for that Transitioning Household; (iv) assist each Transitioning Household to complete applications for Transition Benefits; and (v) ensure that no Transitioning Household will be required to move from an Existing Unit without an opportunity to relocate to a Transition Unit, except in the case of: (A) an Interim Move; (B) a major disaster as defined in § 102(2) of the federal Disaster Relief Act of 1974; (C) a state of emergency declared by the President of the United States or the Governor of the State of California; or (D) any other emergency that requires the Household to move immediately from the Existing Unit because continued occupancy of the

Existing Unit by the Household constitutes a substantial danger to the health or safety, or both, of the Household.

b. For Long-Term Moves only: (i) the Transitioning Household must begin the process of determining Household Income; and (ii) to qualify for an income-restricted Transition Unit under **Sections V.E.1, V.E.2, or V.E.3** (Calculation of Base Monthly Rental Cost), Household Income of the entire Transitioning Household must be certified, subject to third-party verification. For all Households, TIDA will use the then-current Tenant Income Certification Form published by the California Tax Credit Allocation Committee to determine Household Income. A copy of the current form is attached as **Appendix 1**.

c. If all adult members of a Transitioning Household do not consent to be interviewed or do not provide all of the required information requested during or within 30 days after the interview, TIDA will be entitled to rely solely on the limited information provided in response to the interview and contained in its records relating to the Household when making its determination about eligibility for Transition Benefits.

3. Advisory Services for Post-DDA Tenants. The interviews will enable TIDA to offer the following advisory services to Post-DDA Tenants: (a) assist in evaluating their housing needs and any special needs; (b) provide references to providers of special needs services and other housing in San Francisco; and (c) provide a Household with the opportunity to present information to TIDA to support a claim of eligibility for Transition Benefits.

C. Second Notice to Move

1. Time and Contents of Second Notice to Move. No less than 60 days before a Household is required to move, TIDA will deliver a Second Notice to Move. The Second Notice to Move will state:

- a. TIDA's determination of whether the Household is an eligible Transitioning Household;
- b. which members of the Household, if any, are Post-DDA Tenants, in Unlawful Occupancy, or otherwise ineligible for Transition Benefits;
- c. the actual date by which the move must be complete (the "**Move Date**"); and
- d. the options available to the Transitioning Household under these Transition Rules and Regulations.

D. Selection of a Transition Benefit

After receipt of the Second Notice to Move, each Transitioning Household will be required to make certain decisions about Transition Benefits.

1. Transition Benefit Options for Long-Term Moves. For Long-Term Moves, the Second Notice to Move will offer each Transitioning Household a choice of:

a. the Transition Unit Option to move into a Transition Unit in a specifically identified new building on TI, with the number of bedrooms, initial rent, and long-term rent protection as described in **Article V** (Description of Transition Unit Option);

b. the In-Lieu Payment Option to receive an In-Lieu Payment, calculated in accordance with **Article VI** (Description of In-Lieu Payment Option); or

c. the Unit Purchase Assistance Option to receive Down Payment Assistance calculated in accordance with **Article VII** (Description Unit Purchase Assistance Option), but only if new for-sale units are then available for purchase and the Transitioning Household can demonstrate that it can close escrow on the purchase of and move into a new Dwelling on NSTI before the Move Date.

2. Options for Interim Moves. For Interim Moves, the Second Notice to Move will offer each Transitioning Household a choice of the following options:

a. the right to occupy an Existing Unit on Treasure Island with the number of bedrooms and initial rent calculated in accordance with **Article IV** (Interim Moves); or

b. the option to receive an In-Lieu Payment in accordance with **Article VI** (In-Lieu Payment Option).

3. Written Notice to TIDA of Selection. For both Long-Term Moves and Interim Moves, the Transitioning Household's selection may be made by delivering written notice to TIDA, signed by each adult member of the Transitioning Household at any time up to 45 days before the Move Date.

4. Transitioning Household Entitled to Single Transition Benefit. Each Transitioning Household receiving a Long Term Move Notice is entitled to only one of the Transition Benefits described in **Article V** (Transition Unit Option), **Article VI** (In-Lieu Payment Option), and **Article VII** (Unit Purchase Assistance Option). As a condition to receipt of the selected Transition Benefit, each member of the Transitioning Household will be required to waive all other Transition Benefits under these Transition Housing Rules and Regulations.

E. Complete the Move

1. Eligibility for Moving Assistance. Moving assistance to cover the costs of moving the Household will be provided to every Transitioning Household that makes an Interim Move from an Existing Unit on NSTI to another Existing Unit on TI and/or a Long-Term Move from an Existing Unit on NSTI to a Transition Unit. Moving assistance is not provided to: (a) Transitioning Households that receive the In-Lieu Payment Option or Down Payment Assistance; (b) Post-DDA Tenants; (c) Persons in Unlawful Occupancy of their Existing Unit; or (d) other Persons ineligible for Transition Benefits.

2. Actual Costs. A Transitioning Household will be compensated for Actual Reasonable Moving Expenses incurred in moving the Household for an Interim Move to an Existing Unit or a Long-Term Move to a Transition Unit. Costs that may be included in a claim for Actual Reasonable Moving Expenses are listed in **Article VIII.B** (Moving Assistance).

3. Moving Allowance Alternative. A Transitioning Household that is eligible to be reimbursed for Actual Reasonable Moving Expenses may elect instead to receive a Moving Expense Allowance that will be determined according to a schedule established by TIDA, based on a moving expense allowance determined in accordance with established federal Highway Administration schedules maintained by the California Department of Transportation. The current schedule is shown in **Appendix 3**.

F. Early Transition Benefits

1. Limited Circumstances. Under certain circumstances, Transitioning Households may be eligible to receive certain Transition Benefits before receipt of a Notice to Move.

a. The In-Lieu Payment Option may be available earlier, if, and only if, TIDA provides written notice to Transitioning Households offering an early opportunity to receive an In-Lieu Payment, which may be conditioned on the Household moving out of its Existing Unit by a specified date ("**Notice of Early In-Lieu Payment Option**").

b. The Unit Purchase Assistance Option is available at any time a Transitioning Household completes the purchase of a new Dwelling on NSTI, unless the Transitioning Household has previously lost its status as a Transitioning Household by accepting an In-Lieu Payment or moving into a Transition Unit.

IV. INTERIM MOVES

A. Required Interim Moves

Some Transitioning Households will be required to make an Interim Move from one Existing Unit to another Existing Unit on TI.

An Interim Move will be required for those Transitioning Households that reside in areas proposed for redevelopment in an early phase of development. Although not currently anticipated, Interim Moves also may be required in later phases of development. Transitioning Households required to make an Interim Move will receive a First Notice to Move not less than 90 days before the Move Date and a Second Notice to Move not less than 60 days before the Move Date.

B. Benefits for Interim Moves

Transitioning Households required to make an Interim Move may elect to move to an Existing Unit on TI under the following terms:

1. Size. The offered Dwelling will have at least the same number of bedrooms as the Existing Unit unless the Transitioning Household elects to move to a smaller unit. The Transitioning Household may be offered a Dwelling that has a greater number of bedrooms if the available Dwellings with the same number of bedrooms as the Existing Unit will result in a reduction in total square footage from the Existing Unit by 10% or more.

2. Rent. The initial monthly rent for Transitioning Households making an Interim Move to an Existing Unit on TI will be determined as set forth below. In each case, the initial monthly rent will be subject to annual increases calculated by the Rent Board Adjustment.

a. If the offered Dwelling has the same or a greater number of bedrooms as the Existing Unit, the initial monthly rent for the offered Dwelling will be the lesser of: (a) the rent the Transitioning Household is paying for its Existing Unit on the date of the First Notice to Move; or (b) the market rent that TIDA would otherwise charge for the offered Dwelling on the date of the First Notice to Move.

b. If Transitioning Household has elected to move to an offered Dwelling with fewer bedrooms than its Existing Unit, the initial monthly rent on the offered Dwelling will be the lesser of: (a) the monthly rent for the Existing Unit on the date of the First Notice to Move, reduced by 10% for each reduction in bedroom count, or (b) the market rent that TIDA would otherwise charge for the offered Dwelling on the date of the First Notice to Move. For example, if a Transitioning Household occupies an Existing Unit with four bedrooms on the DDA Effective Date, but elects in an Interim Move to move into an offered Dwelling with two bedrooms, the initial monthly rent under (a) would be 80% of the monthly rent on the Existing Unit on the date of the First Notice to Move.

3. Unit Selection. The Notice to Move for an Interim Move will provide information on the process for Transitioning Households electing to move to an Existing Unit on TI to select a Dwelling.

4. Status as Transitioning Household. The Transitioning Household will retain its status as a Transitioning Household following an Interim Move, and will continue to be eligible for Transition Benefits as long as the Household continues to meet the eligibility requirements stated in **Section II.A.1.d** (Determination of Household Eligibility for Transition Benefits).

C. Option to Elect In-Lieu Payment

Instead of making an Interim Move, Transitioning Households may elect the In-Lieu Payment Option in accordance with **Article VI** (Description of In-Lieu Payment Option).

V. DESCRIPTION OF TRANSITION UNIT OPTION

A. Transition Unit Option

1. Time of Option. The Transition Unit Option is available for Transitioning Households only after TIDA delivers a Notice to Move for a Long-Term Move.

2. Benefits. Transitioning Households will have the opportunity to rent a newly-constructed Transition Unit on Treasure Island. Transitioning Households that elect to move into the offered Transition Unit will be eligible for Actual Reasonable Moving Expenses or a Moving Expense Allowance.

3. Designated Unit. TIDA will designate at least one Transition Unit for each Transitioning Household selecting the Transition Unit Option.

4. Loss of Status. A Transition Unit will be offered to each Transitioning Household unless it has lost its status as a Transitioning Household by its prior receipt of Transition Benefits for a Long-Term Move or it no longer meets the eligibility requirements stated in **Section II.A** (Determination of Household Eligibility for Transition Benefits).

5. Leases for Income-Restricted Units. Leases for Households with Section 8 vouchers, Tax Credit Eligible Households and others occupying Transition Units assisted with state, federal, or local housing funds will be subject to applicable regulations and requirements of such funding programs.

6. Loss of Option. TIDA's obligation to provide a Transitioning Household selecting the Transition Unit Option with a Transition Unit will be deemed to be satisfied if the Transitioning Household is offered and refuses to accept the Transition Unit offered.

B. Standards Applicable to Transition Units

1. Size. Except as provided below, a Transition Unit offered to a Transitioning Household under the Transition Unit Option must contain the same number of bedrooms as in the Existing Unit. Exceptions include:

a. Program regulations of certain government housing programs (e.g. tenant-based Section 8) may limit the number of bedrooms that participating Transitioning Households can be offered.

b. In determining the size of a Transition Unit, Post-DDA Tenants, Persons in Unlawful Occupancy and other Persons ineligible for Transition Benefits are excluded as Persons in the Transitioning Household, but Post-DDA Tenants will be allowed to move into a Transitioning Household's Transition Unit.

c. If the Transitioning Household is smaller when it moves into the Transition Unit than it was when its eligibility was established, TIDA will offer a Transition Unit with one bedroom per Person remaining in the Transitioning Household up to a maximum of four bedrooms.

2. Decent, Safe and Sanitary. The Dwelling must be "**Decent, Safe and Sanitary,**" which means it:

a. conforms with all applicable provisions for existing structures that have been constructed under state or local building, plumbing, electrical, housing and occupancy codes, and similar ordinances or regulations;

b. has a continuing and adequate supply of potable water;

c. has a kitchen or an area set aside for kitchen use that: (i) contains a sink in good working condition connected to hot and cold water and to an adequate sewage system; and (ii) has utility service connections and adequate space for the installation of a stove and a refrigerator;

d. has an adequate heating system in good working order that will maintain a minimum temperature of 70 degrees in all habitable rooms, and all rooms must be adequately ventilated;

e. has a bathroom, well lit and ventilated and affording privacy to a person within it, containing a lavatory basin and a bathtub or stall shower, properly connected to an adequate supply of hot and cold running water, and a flush closet, all in good working order and properly connected to a sewage disposal system;

f. has an adequate and safe wiring system for lighting and other electrical services;

g. is structurally sound, weather tight, in good repair, and adequately maintained;

h. has a safe unobstructed means of egress leading to safe open space at ground level that conforms to building and fire codes;

i. has at least one room that has not less than 150 square feet of floor area, and other habitable rooms, except kitchens, that have an area of not less than 70 square feet;

j. has sleeping room(s) that include at least 70 square feet of habitable floor space for the first occupant and 50 square feet of habitable floor space for each additional occupant; and

k. is available to the Transitioning Household regardless of race, color, sex, marital status, religion, or national origin in a manner consistent with Title VIII of the Civil Rights Act of 1968 and any other applicable local, state, or federal nondiscrimination laws.

C. Required Information for Option

1. Relevant Household Information. Transitioning Households must provide all of the following information to receive the Transition Unit Option:

a. Household Income;

b. Household composition and size, including: (i) the full names of all Household members and relationship of Household members to each other; (ii) age and number of any children and elderly members of the Household; (iii) whether any members of the Transitioning Household are disabled; (iv) whether any members of the Transitioning Household are Adult Students; and (v) special needs (social and public services, special schools, and other services, need for in-home care); and

2. Time to Provide Information. To the extent all required information is not provided at the interview, Transitioning Households wishing to obtain Transition Benefits will have 30 days after the interview to provide all required information to TIDA.

D. Calculation of Household Income

A Transitioning Household's annual Household Income will be determined using the current Tenant Income Certification Form (see **Appendix 1**).

Households will be required to verify Household Income with third-party documentation such as W-2 forms, pay check stubs, tax returns or other forms of verification. Monthly Household Income will be determined based on the most recent 12 month period preceding the First Notice to Move.

E. Calculation of Base Monthly Rental Cost

The Transitioning Household will be offered a Transition Unit at an initial rent not exceeding the Base Monthly Rental Cost as determined below:

1. Adjustments for Changes in Bedroom Count. If the size of the Transitioning Household changed after the Effective Date, and the Transition Unit contains fewer bedrooms than the Household's Existing Unit as provided in **Section V.B(1)(c)** (Standards Applicable to Transition Units), for purposes of determining the Base Monthly Rental Cost the monthly rent for the Existing Unit will "**Adjusted for Changes in Bedroom Count**," according to the following calculation: (a) calculate the Existing Unit's monthly rent by adding any annual Rent Board Adjustments to the rent for the Existing Unit on the DDA Effective Date; (b) multiply (a) by the product of 10% times the reduction in bedroom count and (c) deduct the applicable Utility Adjustment. For example, if a Transitioning Household originally rented an Existing Unit with four bedrooms but due to changes in the Transitioning Household's size received a unit with two bedrooms, the monthly rent would be reduced by 20% and adjusted for the applicable Utility Allowance based on the new unit bedroom count.

2. Households Participating in Governmental Housing Programs

a. Tax Credit Eligible Households: Base Monthly Rental Cost for Tax Credit Eligible Households will be the lesser of: (i) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count (as defined below), if applicable, less Utility Adjustment; (ii) 30% of the Transitioning Household's Average Monthly Income; or (iii) the maximum allowable rent under applicable tax credit regulations less Utility Adjustment. Tax Credit Eligible Households will be offered a

Transition Unit in housing financed with low income housing tax credits and may be required to certify Household Income annually while occupying the rent-restricted unit.

b. Households with Section 8 Vouchers: Base Monthly Rental Cost for Households with Section 8 vouchers will be the fair market rent for a Dwelling for the Household size under Section 8 program regulations, less Utility Adjustments.

3. Low Income Household (defined in Calif. Health & Safety Code § 50079.5): Base Monthly Rental Cost for Low Income Households that do not include Adult Students will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less Utility Adjustment; or (b) the maximum rent for a Low Income Household allowed by Health and Safety Code § 50053, less Utility Adjustment.

4. Moderate Income Household (defined in Calif. Health & Safety Code § 50079.5): Base Monthly Rental Cost for Moderate Income Households that do not include Adult Students will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less Utility Adjustment; or (b) the maximum rent for a Moderate Income Household allowed by Health and Safety Code § 50053, less Utility Adjustment.

5. All Other Transitioning Households: Base Monthly Rental Costs for all other Households, consisting of: (i) Transitioning Households that are not Tax Credit Eligible Households, Households with Section 8 vouchers, Low Income Households, or Moderate Income Households; (ii) Transitioning Households that include an Adult Student; and (iii) Transitioning Households that do not provide the required Household information within 30 days after their interview under **Section III.B** (Interview Household and Offer Advisory Services) will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less the Utility Adjustment; or (b) the market rent that would otherwise be charged for the Transition Unit.

F. Lease Terms for Transition Unit; Occupancy Verification

1. Lease Terms. The following will apply to each Transitioning Household accepting a Transition Unit, except for Tax Credit Eligible Households and Households with Section 8 vouchers (whose leases will comply with applicable federal regulations):

a. The Transitioning Household will enter into a lease containing the following key terms: (i) an initial period of 12 months, with automatic renewal on a month-to-month basis; (ii) a limitation on annual rent increases to the Rent Board Adjustment; (iii) a statement that the Transitioning Household may remain in the Transition Unit as long as the Household remains in Good Standing under its lease, and a description of the events that will cause the Household to be in default of its lease; and (iv) a prohibition against subleasing.

b. Each lease for a Transition Unit will require the Transitioning Household to: (i) identify each occupant of the Household by name; (ii) acknowledge that subleasing is not permitted and that subleasing will be a default under the lease; (iii) acknowledge that at least one member of the Transitioning Household must maintain the Transition Unit as his or her primary Dwelling; (iv) cooperate fully with any subsequent occupancy verification; and (v) comply with all other terms of the lease.

2. Right to Verify Occupancy by Transitioning Household. TIDA, or any subsequent owner or property management company for the Transition Unit, will have the right to verify occupancy of the Transition Unit at any time. If a Transitioning Household does not cooperate with an occupancy verification request or any member of the Household is discovered to have provided knowingly false responses: (a) the entire Transitioning Household will lose the right to continue to rent at the Base Monthly Rental Cost; (b) rent will be increased to the then-current market rate; and (c) future rent increases will not be limited to the Rent Board Adjustment. In addition, TIDA, or any subsequent owner or property management company for the Transition Unit will have the right to charge and collect the additional rent it would have charged, had the rents not been reduced under these Transition Rules and Regulations.

3. Termination of Lease for Transition Unit. If the Transition Unit is no longer occupied by any members of the Transitioning Household, the Transitioning Household's lease for the Transition Unit will terminate.

VI. DESCRIPTION OF IN-LIEU PAYMENT OPTION

A. In-Lieu Payment Option

1. Time. A Transitioning Household may elect to receive an In-Lieu Payment in response to a written offer from TIDA. TIDA currently anticipates offering the In-Lieu Payment Option at the following times:

a. when TIDA delivers a Notice to Move for an Interim Move to a Transitioning Household;

b. when TIDA delivers a Notice of Early In-Lieu Payment Option, currently anticipated to occur during a specified period between TIDA's approvals of Major Phase 2 and Major Phase 4; and

c. when TIDA delivers a Notice to Move for a Long-Term Move to a Transitioning Household.

2. Calculation of Payment. The amount of the In-Lieu Payment will be calculated using the schedule for Relocation Payments for No Fault Evictions published and updated annually by the San Francisco Rent Board (as of the date of the calculation, the "**Rent Board Schedule**"). The 2010 In-Lieu Payment Schedule, based on the 2010 Rent Board Schedule, adjusted for up to four adults, is attached as **Appendix 2**. The Transitioning Household's In-Lieu Payment will be the product of the payment per adult tenant in the Rent

Board Schedule times the number of adults in the Transitioning Household, up to a maximum of four, plus any of the following applicable adjustments:

a. if the Transitioning Household includes elderly or disabled Persons, the product of the payment per elderly or disabled Person under the Rent Board Schedule times the number of elderly or disabled persons in the Transitioning Household; and

b. if the Transitioning Household includes any minor children, an additional lump sum equal to the payment for minors under the Rent Board Schedule.

c. In determining the number of adults in a Transitioning Household, Post-DDA Tenants and, Persons in Unlawful Occupancy and other Persons ineligible for Transition Benefits are excluded as Persons in the Transitioning Household.

3. Effect of Election. Transitioning Households that elect to receive the In-Lieu Payment:

a. will no longer be eligible for the Transition Unit Option or the Unit Purchase Assistance Option

b. will not receive moving assistance;

c. will be required to vacate their Existing Units by the date specified in the Notice to Move or Notice of Early In-Lieu Payment Option to receive the In-Lieu Payment; and

d. upon written request to TIDA, will be placed on the Premarketing Notice List if not already listed.

VII. DESCRIPTION OF UNIT PURCHASE ASSISTANCE OPTION

Transitioning Households that elect to receive the Unit Purchase Assistance Option will be entitled to Down Payment Assistance.

A. Down Payment Assistance

1. Amount of Payment. A Transitioning Household electing the Unit Purchase Assistance Option will receive “**Down Payment Assistance**” described in this Section. The amount of Down Payment Assistance will be equal to the amount the Transitioning Household would have received had it chosen an In-Lieu Payment, based on the Rent Board Schedule and the number of eligible members in the Transitioning Household, up to four Persons, when the Household enters into the purchase contract for the new Dwelling on NSTI.

2. Conditions to Payment. A Transitioning Household electing to purchase a new Dwelling on NSTI will receive Down Payment Assistance only if: (a) the Household meets all applicable eligibility criteria to purchase the new Dwelling; (b) its purchase offer for the new

Dwelling is accepted; and (c) the purchase closes escrow. No Household is guaranteed that its offer to purchase a new Dwelling on NSTI will be accepted, and the purchased Dwelling need not be similar in size, bedroom count, and amenities to the Existing Unit previously occupied by the Household.

3. Escrow and Closing. Down Payment Assistance will be paid at closing into escrow. TIDA will verify the Transitioning Household's eligibility for and amount of the Down Payment Assistance to lenders and sellers of Dwellings during escrow upon request. If escrow does not close, the escrow officer will be instructed to return any Down Payment Assistance funds on deposit to TIDA.

4. Termination of Status. A Transitioning Household that elects to receive the Down Payment Assistance and closes its purchase on a new for-sale Dwelling on NSTI:

- a. will no longer be eligible for the Transition Unit Option or the In-Lieu Payment Option
- b. will not receive moving assistance;
- c. will be required to vacate its Existing Unit by the date specified in the Notice to Move; and
- d. will be removed from the Premarketing Notice List.

VIII. ADDITIONAL ASSISTANCE

A. Premarketing Assistance

1. Definitions. The following definitions will apply to the Assistance described in this Section VIII.A (Premarketing Assistance):

- a. **"Post-Transition Household"** means a Transitioning Household that previously received an In-Lieu Payment.
- b. **"Post-Transition Tenant"** means a Person who was a member of a Transitioning Household that previously received an In-Lieu Payment.
- c. **"Premarketing Notice List"** means that email contact list that TIDA will maintain to provide notice of a Premarketing Window.
- d. **"Premarketing Window"** means a specific and limited time period of no less than 30 days before the Dwellings in each new for-sale housing development on NSTI are offered for sale to the general public.
- e. **"Sunset Date"** means the date that is seven years after the date that a Transitioning Household or a Post-Transition Tenant is placed on the Premarketing Notice List.

2. Early Notice. Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List will have the opportunity to make purchase offers on Dwellings in each new for-sale housing development on NSTI during the Premarketing Window.

a. If the purchase offer of a Transitioning Household that is not a Post-Transition Household is accepted: (i) the Transitioning Household also may select the Unit Purchase Assistance Option to receive Down Payment Assistance under **Section VII.A** (Down Payment Assistance); and (ii) TIDA will remove the Transitioning Household from the Premarketing Notice List after close of escrow. Post-Transition Households are not eligible for Down Payment Assistance.

b. If the purchase offer of a Post-Transition Tenant or Post Transition Household is accepted and escrow closes, TIDA will: (i) remove the Post-Transition Tenant or Post Transition Household from the Premarketing Notice List; and (ii) have no further obligation to the Post-Transition Tenant or Post Transition Household under these Transition Housing Rules and Regulations. Post-Transition Tenants are not eligible for Down Payment Assistance.

c. A Transitioning Household whose purchase offer is not accepted may stay on the Premarketing Notice List for subsequent notices of Premarketing Windows until the earliest of: (i) the date escrow closes on a subsequent purchase offer; (ii) the date the Transitioning Household moves into a Transition Unit; or (iii) the Sunset Date.

d. Post-Transition Households and Post-Transition Tenants whose purchase offers are not accepted may stay on the Premarketing Notice List for subsequent notices of Premarketing Windows until the earlier of: (i) the date escrow closes on a subsequent purchase offer; or (ii) the Sunset Date.

3. Notice List.

a. Each Transitioning Household and Post-Transition Household must: (i) provide TIDA with the names of Household members, the designated Household contact's name, and an email address for notices; and (ii) notify TIDA of any changes to Household information to remain on the Premarketing Notice List.

b. Each Post-Transition Tenant must: (i) provide TIDA with an email address for notices; and (ii) notify TIDA of any changes in the email notice address to remain on the Premarketing Notice List.

c. TIDA will have no obligation to: (i) verify that email notices that are sent are actually delivered; or (ii) update contact information of Transitioning Households, Post-Transition Households, or Post-Transition Tenants that do not notify TIDA that their email addresses have changed. TIDA will remove Transitioning Households, Post-Transition Households, and Post-Transition Tenants from the Premarketing Notice List on their respective Sunset Dates if they are then still on the list.

4. Required Acknowledgement. Before TIDA is obligated to add contact information to the Premarketing Notice List, each member of a Transitioning Household, Post Transition Household and Post-Transition Tenants will be required to sign an acknowledgment that neither TIDA nor any for-sale housing developer will be responsible for: (a) ensuring that the contact email address provided is current; (b) any inadvertent omission from the Premarketing Notice List, as long as the housing opportunity is marketed generally in the San Francisco area; or (c) guaranteeing that a Transitioning Household or a Post-Transition Tenant will qualify to purchase a new Dwelling.

5. Developer Notice Requirements. For-sale housing developers will be required to provide TIDA with advance notice of the Premarketing Window for each new for-sale housing development on NSTI, stating: (a) the start and end dates of the Premarketing Window; (ii) for each available Dwelling, the unit address, number of bedrooms, and initial offered price; (iii) the date(s) on which interested Transitioning Households, Post-Transition Households, and Post-Transition Tenants may tour the available Dwellings; and (iv) contact information for an authorized representative of the housing developer who can answer questions about the available Dwelling(s). TIDA will send email notices to all Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List before the Premarketing Window begins.

6. No Preferential Treatment. Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List will be offered the same purchase terms for the for-sale units as those offered to the general public.

a. Inclusionary units will be offered at a specified below-market-rate price to Transitioning Households, Post-Transition Households, and Post-Transition Tenants that meet all qualifying income and occupancy criteria for that Dwelling.

b. The purchase price of all other for-sale Dwellings will be the market-rate price.

c. Transitioning Households, Post-Transition Households, and Post-Transition Tenants will be required to qualify to purchase any Dwellings offered for sale during the Premarketing Window in the same manner as other members of the general public.

d. The Premarketing Window does not guarantee that a Transitioning Household, Post-Transition Household, or Post-Transition Tenant will qualify for the purchase or that its purchase offer will be accepted.

B. Moving Assistance

1. Covered Moving Expenses. All Transitioning Households that make Interim Moves and that select the Transition Unit Option for a Long-Term Move will receive either Actual Reasonable Moving Expenses or a Moving Expense Allowance. Actual Reasonable Moving Expenses will include:

a. transportation of persons and property upon NSTI;

- b. packing, crating, unpacking, and uncrating Personal Property;
- c. insurance covering Personal Property while in transit;
- d. connection charges imposed by public utilities for starting utility service;
- e. the reasonable replacement value of Personal Property lost, stolen, or damaged (unless caused by the Transitioning Household or its agent) in the process of moving, where insurance covering such loss, theft, or damage is not reasonably available; and
- f. the removal of barriers to the disabled and installations in and modifications to a disabled Person's new Dwelling as needed to accommodate special needs.

2. Allowance Alternative. A Transitioning Household electing a self-move for an Interim Move or a Long-Term Move into a Transition Unit will be paid according to the Moving Allowance Schedule in **Appendix 3** promptly after filing a claim form provided by TIDA and vacating the Existing Unit, unless the Household seeks and is granted an advance payment to avoid hardship.

3. Advance Payment to Avoid Hardship. A Transitioning Household may be paid for anticipated moving expenses in advance of the actual move. TIDA will make an advance payment whenever the Household files a claim form provided by TIDA supported by documents and other evidence that later payment would result in financial hardship. Particular consideration will be given to the financial limitations and difficulties experienced by low and moderate income residents.

4. Moving Expense Claims. A claim for payment of Actual Reasonable Moving Expenses must be supported by a bill or other evidence of expenses incurred.

a. Each claim greater than \$1,000 for the moving costs incurred by a Transitioning Household hiring a moving company must be supported by at least 2 competitive bids. If TIDA determines that compliance with the bid requirement is impractical, or if the claimant obtains estimates of less \$1,000, a claim may be supported by estimates instead. TIDA may make payment directly to the moving company.

b. A Transitioning Household's Actual Reasonable Moving Expenses will be exempt from regulation by the State Public Utilities Commission. TIDA may effect the moves by directly soliciting competitive bids from qualified bidders for performance of the work. Bids submitted in response to such solicitations will be exempt from regulation by the State Public Utilities Commission.

C. Assistance to Force Majeure Households.

In the event a Force Majeure Household is required by TIDA or any other agency to move from an Existing Unit off of NSTI as a result of a natural disaster or other condition that makes the Existing Unit uninhabitable prior to the Household receiving a First Notice to Move ("Force

Majeure Household"), the Force Majeure Household shall remain eligible for all Transition Benefits it would otherwise have been eligible for upon receipt of a First Notice to Move. The Force Majeure Household will not be eligible for Transition Benefits until such time as the First Notice to Move would have been given for the Existing Unit as determined by the implementation of the Development Plan for the area of NSTI where the Existing Unit was located. Any In-Lieu Payment Option or Down Payment Assistance will be reduced by any amounts paid to the Force Majeure Household by TIDA or any other public agency at the time the Force Majeure Household moved out of the Existing Unit, including any payments for moving expenses or replacement housing payments.

IX. IMPLEMENTATION OF TRANSITION HOUSING RULES AND REGULATIONS

A. Administration

1. Information Program. TIDA will maintain an information program using meetings, newsletters, and other mechanisms, including local media, to keep Villages residents informed on a continuing basis about: (a) TIDA's transition housing program and other information about the redevelopment process; (b) the timing and scope of any anticipated Interim Moves; (c) the timing and scope of anticipated Long-Term Moves, (c) procedures for implementing and making claims under these Transition Rules and Regulations; and (d) other information relevant to these Transition Rules and Regulations.

2. Nondiscrimination. TIDA will administer these Transition Housing Rules and Regulations in a manner that will not result in different or separate treatment on account of race, color, religion, national origin, sex, sexual orientation, marital status, familial status, or any basis protected by local, state, or federal nondiscrimination laws.

3. Site Office. TIDA may establish a site office that is accessible to all Households to provide advisory assistance described in **Section III.B** (Interview Households and Offer Advisory Services). If TIDA establishes a site office, it will be staffed with trained and experienced personnel, who may be third-party housing specialists.

4. Amendments. These Transition Rules and Regulations may be amended by TIDA from time to time by a resolution of the TIDA Board adopting an amendment at a duly noticed public meeting.

B. Household Records

1. Contents. TIDA will maintain records for each Household containing information obtained during interviews, documents submitted by residents, and existing files of its property manager. The records will contain a description of the pertinent characteristics of the Persons in the Household, the assistance determined to be necessary, and the Household's decisions on Transition Benefits. Members of a Transitioning Household will have the right to inspect their own Transitioning Household records to the extent and in the manner provided by law.

2. Confidentiality. Household income information is confidential and will only be used for its intended purpose. Confidential information will not be disclosed to third parties outside of the Household unless all members of the Household provide their written consent to disclosure or a valid court order requires disclosure.

3. Publication of Aggregate Resident Data. TIDA will have the right to publish aggregate data about the resident population on NSTI, including information that is segmented according to aggregate Villages resident data and aggregate TIHDI resident data.

X. CLAIM AND PAYMENT PROCEDURES; TERMINATION OF TRANSITION HOUSING ASSISTANCE

A. Filing Claims; Tax Forms

1. Written Claims Required. TIDA will provide claim forms for payment under these Transition Rules and Regulations. All claims for In-Lieu Payments and Down Payment Assistance must be submitted to TIDA with the Household's notice of election of that specific Transition Benefit. All claims for moving expense payments must be submitted to TIDA within six months after the date on which the claimant makes an Interim Move or moves into a Transition Unit.

2. Tax Forms. TIDA: (a) makes no representations about the tax treatment of any payments or benefits of monetary value any Person receives under these Transition Housing Rules and Regulations; (b) will require all Persons who receive an In-Lieu Payment, Down Payment Assistance, moving assistance, or any other payment under these Transition Housing Rules and Regulations to provide TIDA with valid Social Security numbers for all recipients; and (c) will file W-9 forms for all payments and benefits of monetary value made or provided to any Person under these Transition Housing Rules and Regulations.

B. Treatment of Dependents

1. Allocation of Transition Benefits. The following will apply to any Person who derives 51% or more of his or her income from one or more Persons within the same Transitioning Household in an Existing Unit (the "**Supporting Household**") or otherwise meets his or her living expenses primarily through the monetary support of the Supporting Household (a "**Dependent**").

a. A Dependent who lives with the Transitioning Household will not be entitled to any Transition Benefit except as a part of the Household, and will be counted as a member of the Transitioning Household for determining Household size.

b. If the Dependent's primary Dwelling, as determined by voter registration, driver's license, or other forms of verification, is different from that of the Supporting Household when the Supporting Household selects and receives a Transition Benefit, the Dependent will not be counted as part of the Transitioning Household when determining: (i) the size of a Transition Unit; (ii) the amount of an In-Lieu Payment; or (iii) the amount of Down Payment Assistance.

2. Documentation of Dependent Status. Any Transitioning Household claiming a Dependent must provide third-party documentation that it is a Supporting Household. TIDA will have the right to require that the Supporting Household and Dependent, if applicable, provide copies of tax returns filed for tax years preceding the claim.

C. Adjustments for Multiple Claims; Nontransferability

1. Multiple Claimants. The amount of an In-Lieu Payment, Down Payment Assistance, or Moving Expense Allowance will be determined based on the total number of eligible members in the Transitioning Household. All adult members of a Household must sign the claim form and any other required documents as a condition to TIDA's obligation to pay Transition Benefits and moving assistance.

2. Multiple Claims. A single claim form for each payment claim by a Transitioning Household is preferred, but not required. Unless otherwise specified in a claim form, TIDA will issue separate checks to each adult in the Transitioning Household in equal shares, adjusted for Dependents and elderly or disabled members of the Household. If two or more eligible Persons in a single Transitioning Household submit more than one claim for any payment under these Transition Rules and Regulations, which in the aggregate exceed the payment limits to be made to the entire Transitioning Household, TIDA will pay each eligible claimant an equal share of the payment, up to the aggregate amount of the payment limits. As provided in **Section VII.A** (Down Payment Assistance), Transitioning Households that choose Down Payment Assistance will not receive direct payment; TIDA will deposit the entire amount of any Down Payment Assistance directly into escrow.

3. Nontransferability. The right to Transition Benefits and other assistance under these Transition Housing Rules and Regulations is personal to each member of a Transitioning Household and is not a property right. Therefore, a Transitioning Household's member's right to Transition Benefits and other assistance cannot be transferred by contract, inheritance, or any other means.

D. Termination of TIDA's Obligations

1. Termination of Right to Transition Benefits. TIDA's obligation to provide Transition Benefits to a Transitioning Household under these Transition Housing Rules and Regulations will terminate under the following circumstances:

a. The Transitioning Household moves off NSTI before receiving a Long-Term Notice to Move or a Notice of Early In-Lieu Payment Option.

b. The Transitioning Household moves to a Transition Unit and receives all moving assistance to which it is entitled.

c. The Transitioning Household moves off-NSTI after receiving a Notice to Move or a Notice of Early In-Lieu Payment Option and receives an In-Lieu Payment.

d. The Transitioning Household moves from an Existing Unit to a new for-sale Dwelling on NSTI and receives Down Payment Assistance.

e. The Transitioning Household refuses reasonable offers of assistance, payments, and a Transition Unit after receiving a Notice to Move.

f. TIDA determines a Household is not or has ceased to be a Transitioning Household or is otherwise not entitled to Transition Benefits.

2. Acknowledgement of Change in Status upon Receipt of Benefits. Each member of a Transitioning Household that receives Transition Benefits will be required to acknowledge in writing that he or she has received or is about to receive the Transition Benefits, and, upon receipt, the Household will cease to be a Transitioning Household entitled to any Transition Benefits, other assistance, and advisory services under these Transition Housing Rules and Regulations.

3. Records as Evidence. TIDA will be entitled to rely on and use its written offers of Transition Benefits to a Transitioning Household that refuses them, and all other information in the Transitioning Household's records, as evidence in any grievance proceeding or lawsuit.

4. Notice of Status. Except for a change in status after the Transitioning Household receives a Transition Benefit, TIDA will provide written notice of any determination that a Household is not or has ceased to be a Transitioning Household or is otherwise not entitled to Transition Benefits, delivered to the Transitioning Household's last known address.

5. Termination of Other Assistance. TIDA's obligations to provide moving assistance and to provide notices of Premarketing Windows will terminate as provided in **Article VIII** (Other Assistance).

XI. GRIEVANCE PROCEDURES

A. Administrative Remedies

1. Right to Appeal and Be Represented by Counsel. Any member of a Household, and any Household, that disagrees with a TIDA determination regarding eligibility for Transition Benefits, the proposed amount of payment, or the adequacy of the Transition Unit to which the Transitioning Household was referred may appeal the determination, but the Person or Household (individually, or as a Household, the "**Grievant**") must exhaust the prescribed administrative remedies before seeking judicial review. The Grievant will be entitled to be represented by an attorney at his or her, or the Household's, own expense at all stages of review under these Transition Housing Rules and Regulations.

2. Executive Director Review. The first step in administrative remedies available to a Grievant is the right to an appeal to the Executive Director of TIDA, as follows:

a. The Grievant must make a written request for review by the Executive Director no later than 12 months after the Grievant receives either a Long Term Notice to Move or an Interim Notice to Move. The Grievant's written request must state the basis for the claim and the relief sought.

b. The Grievant will be entitled to meet with the Executive Director and to present additional evidence and information that the Grievant has not presented previously through the interview process.

c. The Executive Director will make a determination based on the information the Grievant has provided to TIDA through the interview processes as well as any additional information presented by the Grievant.

d. The Executive Director must make a final determination in writing, stating the reasons for the determination within six weeks after conferring with the Grievant.

3. Hearing Before Relocation Appeals Board. If the Grievant is not satisfied with the Executive Director's determination, the second step in the administrative remedies available to a Grievant is an appeal to the Treasure Island Relocation Appeals Board (the "RAB"), which will be determined according to the procedures below.

a. No later than 30 days after the TIDA Executive Director delivers his or her written determination under **Section XI.A.2** (Executive Director Review) to the Grievant, the Grievant must submit a written appeal to the RAB, with a copy to TIDA, stating the basis for his or her claim and the relief sought by the Grievant. If the Grievant wishes to submit information in addition to that previously provided to TIDA, the additional information must be submitted with the written appeal, and TIDA will have 30 days to provide a response to any new material.

b. The RAB will review and reconsider the Grievant's claim in light of: (i) all material upon which the Executive Director based his or her original determination, including these Transition Housing Rules and Regulations; (ii) the Grievant's written request for an appeal; (iii) any additional written or relevant documentary material submitted by the Grievant; (iv) any material submitted by TIDA in response to new information submitted by the Grievant with the appeal; and (v) any further information that the RAB, in its discretion, obtains by request to ensure fair and full review of the claim.

c. The RAB may choose to hold a hearing, and must hold a hearing if requested by the Grievant. All RAB hearings will be public meetings subject to state and local public meeting laws. The RAB's review will be limited to whether the Grievant is entitled to the claimed relief under these Transition Housing Rules and Regulations. Its determination must be based on the information presented during the appeal and these Transition Rules and Regulations. All members of the RAB shall be required to disclose in a public meeting any communications and contacts such member has had with the Grievant outside of the hearing. The RAB will not be authorized to make any monetary award (including attorneys' fees and costs of appeal) other than a payment authorized under these Transition Rules and Regulations.

d. The RAB must issue a written determination to the Grievant and TIDA no later than six weeks from receipt of the last material submitted by any party or the date of the hearing, whichever is later, stating: (i) the RAB's decision; (ii) the basis upon which the decision rests, including any pertinent explanation or rationale; and (iii) a statement that the Grievant may appeal the decision in accordance with the procedure set forth below.

e. The RAB may reject an appeal for untimeliness by a written statement to the Grievant.

4. Administrative Law Judge Review. The final step in administrative remedies available to a Grievant is an appeal to an administrative law judge ("ALJ") on the Rent Board staff who is assigned to hear appeals under these Transition Rules and Regulations, as follows:

a. No later than 30 days after the RAB delivers its written determination under **Section XI.A.3** (Hearing Before Relocation Appeals Board) to the Grievant, the Grievant must submit a written appeal to the ALJ, and deliver a copy of the appeal to TIDA at the same time, stating the basis for the claim and the relief sought.

b. TIDA will have 15 days after a signed appeal is filed with the ALJ to provide the ALJ with copies of information related to the Grievant's case, including all additional evidence or information submitted by the Grievant to the RAB and TIDA's records related to the Grievant.

c. The assigned ALJ may attempt to resolve the dispute without a hearing, but is not required to do so.

d. The ALJ will conduct a hearing unless the dispute has been resolved before the hearing date.

e. The ALJ must make a final determination in writing, stating the reasons for the determination, and deliver the determination to the Grievant, with a copy to TIDA at the same time. The ALJ determination must include a statement that the Grievant has exhausted administrative remedies under these Transition Rules and Regulations.

5. Right to Judicial Review. The Grievant may seek judicial review after the administrative remedies described above have been exhausted.

XII. PROPERTY MANAGEMENT PRACTICES

A. Eviction

1. Grounds for Eviction. In addition to all other grounds under the Residential Leases and California law, TIDA may initiate eviction proceedings to remove a Household from its Existing Unit:

a. after the date specified in a Notice to Move for an Interim Move or for a Long-Term Move has passed, and: (i) the Household is a Transitioning Household that has

refused TIDA's offers of a Transition Benefit, including the right to relocate to a Transition Unit; or (ii) the Household is a Transitioning Household that has not vacated its Existing Unit after selecting and receiving a Transition Benefit; or (iii) the Household is a Post-DDA Household and has failed to vacate the Existing Unit after receipt of a Notice of Move.

b. after TIDA issues a notice to move due to: (i) a major disaster as defined in § 102(2) of the federal Disaster Relief Act of 1974; (ii) a state of emergency declared by the President of the United States or the Governor of the State of California; or (iii) any other emergency, or other condition, as determined by a Federal, State or Local governmental entity or department with jurisdiction over the premises, that requires the Household to move immediately from the Existing Unit because continued occupancy of the Existing Unit by the Household constitutes a substantial, or potential, danger to the health or safety, or both, of the Household, or the Existing Unit has become uninhabitable.

B. Post-DDA Tenants

1. Notice of Status. Before prospective Post-DDA Tenants move into any Existing Unit, TIDA will inform them:

a. that the Existing Unit will be available only for an interim period pending redevelopment of NSTI;

b. of the projected date that the Existing Unit is expected to be vacated and demolished for development, if known;

c. that, along with all other Villages residents, all Post-DDA Tenants will receive periodic notices from TIDA with updates about the progress of the project;

d. that TIDA will provide 90 days' notice of the date by which they must vacate their Existing Unit; and

e. that no Post-DDA Tenant is eligible for Transition Benefits under these Transition Rules and Regulations or relocation benefits under applicable relocation laws.

2. Advisory Services. Post-DDA Tenants are not eligible for Transition Benefits under these Transition Housing Rules and Regulations, unless an exception under **Section II.A.1** (Defined Terms for Determining Eligibility) applies, but are eligible for advisory services under **Section III.B** (Interview Households and Offer Advisory Services).

XIII. INTERPRETATION

A. Rules of Interpretation and Severability

1. The captions preceding the articles and sections of these Transition Housing Rules and Regulations and in the table of contents have been inserted for convenience of reference only and must be disregarded in interpreting these Transition Housing Rules and Regulations. Wherever reference is made to any provision, term, or matter in these Transition

Housing Rules and Regulations, the term “in these Transition Housing Rules and Regulations” or “hereof” or words of similar import, the reference will be deemed to refer to any reasonably related provisions of these Transition Housing Rules and Regulations in the context of the reference, unless the reference refers solely to a specific numbered or lettered section, subdivision, or paragraph of these Transition Housing Rules and Regulations.

2. References to all laws, including specific statutes, relating to the rights and obligations of any person or entity mean the laws in effect on the effective date of these Transition Housing Rules and Regulations and as they are amended, replaced, supplemented, clarified, or superseded at any time while any obligations under these Transition Housing Rules and Regulations are outstanding, whether or not foreseen or contemplated.

3. The terms “include,” “included,” “including,” and “such as” or words of similar import when following any general term, statement, or matter may not be construed to limit the term, statement, or matter to the specific items or matters, whether or not language of non-limitation is used, but will be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of the term, statement, or matter, and will be deemed to be followed by the phrase “without limitation” or “but not limited to.”

4. Whenever required by the context, the singular includes the plural and vice versa, the masculine gender includes the feminine or neuter genders and vice versa, and defined terms encompass all correlating forms of the terms (e.g., the definition of “waive” applies to “waiver,” “waived,” “waiving”).

5. The provisions of these Transition Housing Rules and Regulations are severable, and if any provision or its application to any person or circumstances is held invalid by a final order or judgment of a court with valid jurisdiction over the matter, the invalid provision will not affect the other provisions or the application of those Transition Housing Rules and Regulations that can be given effect without the invalid provision or application.

APPENDIX 1

Sample of Tenant Income Certification Form
(as published by the California Tax Credit Allocation Committee)

APPENDIX 2

2011 In-Lieu Payment Schedule

Based on the 2010 San Francisco Rent Board Relocation Payments for No Fault Evictions
(Adjusted for maximum of four adults)

Date of Second Notice to Move	In-Lieu Payment Amount Due Per Tenant	Maximum In-Lieu Payment Amount Due Per Unit (Maximum of 4 Adults)	PLUS Additional Amount Due for Each Elderly (60 years or older) or Disabled Tenant or Household with Minor Child(ren)
3/01/11 – 2/29/12	\$5,101.00	\$20,404.00	\$3,401.00

APPENDIX 3

Sample Moving Expense Allowance Schedule (as published by the California Department of Transportation)

Fixed Moving Schedule CALIFORNIA (Effective 2008)	
Occupant Owns Furniture:	
1 room	\$625
2 rooms	\$800
3 rooms	\$1,000
4 rooms	\$1,175
5 rooms	\$1,425
6 rooms	\$1,650
7 rooms	\$1,900
8 rooms	\$2,150
Each additional room	\$225
Occupant does NOT Own Furniture:	
1 room	\$400
Each additional room	\$65

APPENDIX 4

Definitions

The following terms used in these Transition Rules and Regulations are defined as follows:

“**Actual Reasonable Moving Expenses**” is defined in **Section VIII.E** (Moving Assistance).

“**Adjusted for Changes in Bedroom Count**” is defined in **Section V.E.1** (Adjustment for Changes in Bedroom Count).

“**adult**” means a Person 18 years old or older.

“**Adult Student**” means an adult who, during the previous 12 months, was enrolled in two or more courses concurrently at an accredited educational institution, unless the Person is: (1) receiving assistance under Title IV of the Social Security Act; (2) enrolled in a job-training program; or (3) in a Transitioning Household composed entirely of full-time Adult Students who are single parents and are not listed as Dependents on someone else’s tax return or who are married and file a joint return.

“**ALJ**” is defined in **Section XI.A.4** (Administrative Law Judge Review).

“**Average Monthly Income**” when used in determining Base Monthly Rental Cost, means the Transitioning Household’s Household Income divided by 12.

“**Base Monthly Rental Cost**” means the amount that a Transitioning Household will pay as its initial rent for a Transition Unit, calculated as explained in **Section V.E** (Calculation of Base Monthly Rental Cost).

“**Base Redevelopment Act**” is defined in **Section I.A** (Background).

“**BRAC**” is defined in **Section I.A** (Background).

“**CEQA**” is defined in **Section I.A** (Background).

“**City**” means the City and County of San Francisco, a municipal corporation organized and existing under the laws of the State of California, or, as the context requires, the area within the City’s jurisdictional boundaries.

“**DDA**” is defined in **Section I.A** (Background).

“**DDA Effective Date**” is defined in **Section I.E** (Effective Date).

“**Decent, Safe, and Sanitary Housing**” means a Dwelling that meets the minimum requirements specified in **Section V.B** (Standards Applicable to Transition Units).

“**Dependent**” is defined in **Section X.B.1** (Treatment of Dependents).

“**Development Plan**” is defined in **Section I.A** (Background).

“**Down Payment Assistance**” means the Transition Benefit offered as part of the Unit Purchase Assistance Option, described in **Section VII.A** (Down Payment Assistance).

“**Dwelling**” means the primary Dwelling of a Household, including a single-family residence, a single-family residence in a two-family building, multi-family or multi-purpose building, or any other residence that either is considered to be real property under state law or cannot be moved without substantial damage or unreasonable cost.

“**elderly**” means a Person who is 60 years of age or older.

“**Existing Unit**” is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

“**First Notice to Move**” means a written notice to a Household, as described in **Section III.A** (First Notice to Move).

“**Good Standing**” is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

“**Grievant**” is defined in **Section XI.A** (Right to Appeal and Be Represented by Counsel).

“**Household**” is defined in **Section II.A.1** (Determination of Household Eligibility for Transition Benefits).

“**Household Income**” means the total annual income of a Household including the total annual income of all adults, determined according to the then-current Tenant Income Certification Form published by the Tax Credit Allocation Committee.

“**Households with Section 8 Vouchers**” means Transitioning Households that meet all of the criteria for occupying a Dwelling under Section 8 regulations and has been allocated a Section 8 Voucher..

“**HUD**” means the United States Department of Housing and Urban Development or any successor federal agency.

“**In-Lieu Payment**” means the Transition Benefit offered to Transitioning Households in the In-Lieu Payment Option, described in **Section VI.A** (In-Lieu Payment Option).

“**In-Lieu Payment Option**” means the Transition Benefit offered to Transitioning Households described in **Article VI** (Description of In-Lieu Payment Option).

“**Interim Move**” is defined in **Section I.D** (Overview and Program Framework).

“**Long-Term Move**” is defined in **Section I.D** (Overview and Program Framework).

“Low Income Household” means a Transitioning Household: (1) whose income does not exceed the qualifying limits for lower income Households as determined in accordance with Health and Safety Code Section 50079.5; and (2) that does not contain any Adult Students.

“minor” means a member of a Household who is under 18 years of age, excluding foster children, the head of Household, and a spouse of a member of the Household.

“Moderate Income Household” means a Household: (1) whose income exceeds the maximum income limitations for a Low Income Household, but does not exceed 120% of area median income as determined in accordance with Health and Safety Code Section 50093; and (2) that does not contain any Adult Students.

“Move Date” is defined in **Section III.C.1** (Second Notice to Move).

“Moving Expense Allowance” is defined in **Section III.E** (Complete the Move).

“Notice of Early In-Lieu Payment Option” is defined in **Section III.F** (Early Transition Benefits).

“Notice to Move” means a First Notice to Move or a Second Notice to Move, as appropriate in the context.

“NSTP” is defined in **Section I.A** (Background).

“Person” means an individual.

“Personal Property” means tangible property that is situated on real property vacated or to be vacated by a Transitioning Household and that is considered personal property under the state law, including fixtures, equipment, and other property that may be characterized as real property under state or local law, but that the tenant may lawfully and at his or her election may move.

“Post-DDA Tenant” is defined in **Section II.A1** (Determination of Household Eligibility for Transition Benefits).

“Post-Transition Household” is defined in **Section VIII.A** (Premarketing Assistance).

“Post-Transition Tenant” is defined in **Section VIII.A** (Premarketing Assistance).

“Premarketing Notice List” is defined in **Section VIII.A** (Premarketing Assistance).

“Premarketing Window” is defined in **Section VIII.A** (Premarketing Assistance).

“RAB” is defined in **Section XI.A.3** (Hearing before Relocation Appeals Board).

“**Rent Board Adjustment**” means the annual rent increases allowed by the San Francisco Residential Rent Stabilization and Arbitration Board under Chapter 37 of the Administrative Code.

“**Rent Board Schedule**” is defined in **Section VI.A.2** (Calculation of Payment).

“**Residential Lease**” is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

“**Second Notice to Move**” means a written notice to a Household, as described in **Section III.C** (Second Notice to Move).

“**Section 8**” means Section 8 of the United States Housing Act of 1937.

“**Sunset Date**” is defined in **Section VIII.A** (Premarketing Assistance).

“**Supporting Household**” is defined in **Section X.B.1** (Treatment of Dependents).

“**Tax Credit Eligible Household**” means a Transitioning Household that meets all of the criteria for occupying a Dwelling subject to a low income housing tax credit regulatory agreement, including maximum income limitations (generally not exceeding 60% of area median income).

“**Tenant**” means a Person who rents or is otherwise in lawful possession of a Dwelling, including a sleeping room, that is owned by another Person.

“**Term Sheet Resolution**” is defined in **Section I.A** (Background).

“**The Villages**” is defined in **Section I.A** (Background).

“**TICD**” is defined in **Section I.A** (Background).

“**TIDA**” is defined in **Section I.A** (Background).

“**TIDA Board**” is defined in **Section I.A** (Background).

“**TIHDI**” is defined in **Section I.A** (Background).

“**Transition Benefits**” is defined in **Section I.B** (Purpose).

“**Transition Housing Rules and Regulations**” is defined in **Section I.A** (Background).

“**Transition Unit**” is a newly-constructed Dwelling on Treasure Island that meets the standards of **Section V.B** (Standards Applicable to Transition Units).

“**Transition Unit Option**” means the benefit offered to Transitioning Households described in **Article V** (Description of Transition Unit Option).

“Transitioning Household” is defined in **Section II.A.** (Determination of Household Eligibility for Transition Benefits).

“Unit Purchase Assistance Option” means the Transition Benefit offered to Transitioning Households, described in **Article VII** (Description of Unit Purchase Assistance Option).

“Unlawful Occupancy” is defined in **Section II.A.1** (Determination of Household Eligibility for Transition Benefits).

“Utility Adjustment” means the amount by which rent for a Transition Unit will be adjusted downward to reflect any utilities that are not included in the rent of the Transition Unit, if the same utilities were included in the rent of the Existing Unit. The downward rent adjustment will be calculated according to the Utility Allowance Schedule.

“Utility Allowance Schedule” means the schedule published by the San Francisco Housing Authority to determine allowances for tenant-furnished utilities for Dwelling Units in the City. If the San Francisco Housing Authority publishes a Utility Allowance Schedule that includes allowances for energy efficient appliances or Dwelling Units, the energy efficient schedule will be used for the Utility Adjustment. For these Transition Housing Rules and Regulations, only allowances specifically allocated to electricity, natural gas, trash, water, and sewer, if applicable, will be considered.

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

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: The John Stewart Company	
Please list the names of: (1) members of the contractor's board of directors: John K. Stewart, Jack D. Gardner, Daniel L. Levine, Mari Tustin (2) the contractor's chief executive officer: Jack D. Gardner / chief operating officer: Noah G. Schwartz (3) any person who has an ownership of 20 percent or more in the contractor: N/A (4) any subcontractor listed in the bid or contract: N/A (5) any political committee sponsored or controlled by the contractor: N/A	
Contractor address: 1388 Sutter Street, 11th Floor, San Francisco, CA 94109	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contracts: \$632,806 annually
Describe the nature of the contract that was approved: Property Management	
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

Filer Information <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