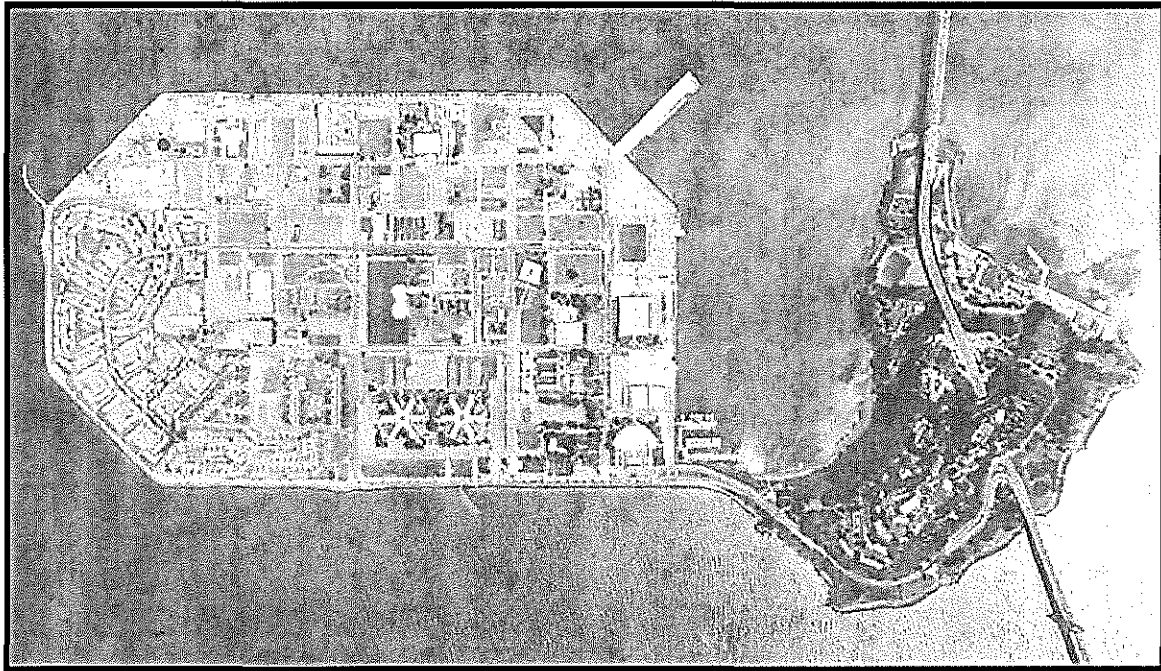


**Amended and Restated
Economic Development Conveyance
Application
for
Naval Station Treasure Island**



**Prepared by:
Treasure Island Development Authority**

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CHAPTER I. EXECUTIVE SUMMARY AND OVERVIEW OF THE REDEVELOPMENT PLANNING PROCESS

A. EXECUTIVE SUMMARY

In 2000, the Treasure Island Development Authority (the "Authority") submitted to the Department of the Navy ("Navy") an EDC Application and Business Plan for Naval Station Treasure Island dated June 19, 2000, as amended in July 2003 (collectively, the "Original EDC Application"). Under the Original EDC Application, the Authority applied for a no-cost Economic Development Conveyance ("EDC") of certain real property, infrastructure systems, and personal property (collectively referred to as the "Property") at former Naval Station Treasure Island ("NSTI" or the "Base").

The Original EDC Application was based on an illustrative land use plan that was consistent with the Draft Reuse Plan prepared for the Base in 1996. At the time of the Original EDC Application, the Authority had not yet selected a master developer. The Authority developed the illustrative land use plan solely to demonstrate the financial feasibility and economic benefits of redevelopment, as required by the Federal regulations in effect at that time.

After submittal of the Original EDC Application, the Authority completed a competitive solicitation process for a master developer to redevelop the Base and entered into an Exclusive Negotiating Agreement ("ENA") with the master developer in 2003. The process of selecting a master development partner was done with the Navy's support. One of the key milestones of the ENA was accomplished in 2006 when the Treasure Island/Yerba Buena Island Citizen's Advisory Board, the Authority's Board of Directors and the San Francisco Board of Supervisors each approved a Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (the "2006 Development Plan").

The 2006 Development Plan represented an evolution of the "general plan" policies and recommendations in the Reuse Plan, and described the key elements of Treasure Island's future redevelopment, including comprehensive land use, infrastructure, open space, phasing, financing, sustainability and transportation plans. The 2006 Development Plan also incorporated certain uses and programs created on NSTI pursuant to the Base Realignment and Closure ("BRAC") process, such as the 36-acre Job Corps site conveyed to the Department of Labor (the "Job Corps Campus") and certain affordable housing programs pursuant to the federal government's obligations under the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (the "Base Closure Act").

After completing the 2006 Development Plan, and at the Navy's request, the Authority submitted an amended and restated EDC Application in July 2007, to (i) reflect the terms of the approved 2006 Development Plan, (ii) address the revised rules and regulations relating to base closure and realignment that the Department of Defense adopted in

February 2006 (32 CFR Parts 174, 175 and 176) (the "Amended BRAC Rules and Regulations"), and (iii) describe the consideration that the Authority proposed to offer for the Property as part of a for-cost EDC.

After submittal of the amended and restated EDC Application, the Authority and Navy then engaged in extensive negotiations on conveyance terms. These negotiations culminated in agreement on a term sheet in December 2009, followed by negotiations of a detailed Term Sheet for the Economic Development Conveyance Memorandum of Agreement (EDC MOA Term Sheet) that was completed in the Spring of 2010.

In April and May 2010 the Authority Board and the Board of Supervisors each unanimously approved the EDC MOA Term Sheet and an update to the 2006 Development Plan (2010 Development Plan Update) to reflect the agreed-upon Navy conveyance terms and changes to the project made in response to those terms and changes in economic conditions between 2006 and 2010. The 2010 Development Plan Update was reflected in an amendment to the EDC Application provided to the Navy in June 2010. The 2006 Development Plan and the 2010 Development Plan Update are collectively referred to herein as the "Development Plan."

In June 2011, the City and County of San Francisco and Authority completed the local entitlement process for the Treasure Island Development Project ("Project"), certifying the Environmental Impact Report for the Project and adopting all necessary Findings per the California Environmental Quality Act, approving a Disposition and Development Agreement (DDA) between the Authority and the master developer, Treasure Island Community Development, LLC (TICD or Master Developer), the Economic Development Conveyance Memorandum of Agreement (EDC MOA) between the Authority and the Navy, and other transactional documents. The DDA, with its attachments and accompanying technical plans, together supersede the Development Plan in its entirety.

The DDA and other final transactional documents were the subject of an extensive public process, with presentations at over 300 public meetings in various forums, and garnered overwhelming support from local, state, and federal officials. The DDA and other final transactional documents are consistent with the Development Plan, as updated, and continue to be based on the general policies and framework of the Reuse Plan.

This Amended and Restated EDC Application and Business Plan for Naval Station Treasure Island (this "Application") is consistent with and based upon the terms of the final Project approvals, including both the DDA and the EDC MOA.

B. BACKGROUND INFORMATION

HISTORY OF TREASURE ISLAND

Treasure Island was constructed between 1937 and 1938 with the ultimate goal of becoming the future San Francisco airport. Its first use was as the site for the 1939-1940

Golden Gate International Exposition, also known as the San Francisco World's Fair. When the United States became involved in World War II, all of Treasure Island and portions of Yerba Buena Island were transferred to the U.S. Navy for use as Naval Station Treasure Island. After serving as a center for receiving, training and dispatching service personnel during World War II, NSTI was subsequently used for more than 50 years as a location for naval training and as an administrative center. In 1993, the BRAC Commission selected the Base for closure and the Base was operationally closed in 1997.

SITE CHARACTERISTICS AND CONSTRAINTS

Treasure Island and Yerba Buena Island are located in the middle of San Francisco Bay, at the heart of the San Francisco Bay region. Treasure Island proper is a flat, man-made island comprising approximately 403 acres, of which 36 acres are owned by the U.S. Department of Labor and occupied by a Job Corps Campus that serves as a vocational training program for young people between the ages of 16 to 24. Yerba Buena Island is a natural rock outcropping of approximately 94 acres (exclusive of the U.S. Coast Guard facility and FHWA lands located on Yerba Buena's eastern half). Distinct features of Yerba Buena Island include significant amounts of natural habitat and shoreline located approximately mid-way on the Bay Bridge between Oakland and San Francisco.

While Treasure Island, with its views of San Francisco and the Bay, affords an exciting development opportunity for San Francisco and the region, it is also a site constrained by many significant development challenges, which include the following:

- Access and Bridge Construction. The only current access from NSTI to San Francisco or Oakland is the Bay Bridge, which is often at capacity, via substandard ramps. This poses challenges for both transportation and emergency services. Because frequent Bridge congestion can impact emergency service response times, the City of San Francisco must maintain a higher level of on-Island municipal services (police and fire) than it might otherwise provide. In addition, the on-going construction of a new eastern span of the Bay Bridge presents logistical challenges for the existing community and the phasing of development.
- Geology and Seismic. Treasure Island is composed of bay fill and is susceptible to lateral spreading during an earthquake without seismic stabilization of the perimeter and portions of the interior of the island. Improvements to mitigate this challenge are technologically feasible but add unique and substantial costs to the Project.
- Microclimate. Treasure Island's location in the middle of the Bay and flat terrain expose it to strong winds coming from the west through the Golden Gate, particularly during the afternoon and early evening.
- Deteriorating Infrastructure. The infrastructure constructed by the Navy is now in extremely poor condition, continues to deteriorate, does not conform to City standards, and must be entirely replaced. This is true for the infrastructure systems on the islands as well as the off-site utility links that serve them.

- Environmental Contamination. Military activities on NSTI included operations and training, administration, general engineering support, mission operations, medical and dental activities, materials maintenance and supply operations. Fuels, lubricants, paints, solvents and other industrial chemicals have been used throughout much of the history of NSTI and many of the buildings contain lead-based paints and asbestos-containing materials. Environmental remediation of the contamination resulting from the Navy's operations at NSTI will be necessary to remediate the site to the standards mandated by State and Federal law and regulatory authorities to permit the uses set out in the DDA.
- Tidelands Trust. Treasure Island proper is composed of landfill placed on former tidelands and submerged lands. As such, the State of California has determined that Treasure Island will be subject to the public trust for commerce, navigation and fisheries (the "Tidelands Trust" or "Trust") at the time it is conveyed by the Navy. Among other things, the Tidelands Trust generally prohibits a number of uses like housing, office and non-maritime industrial uses. To address the Trust, the Authority has obtained State legislation authorizing an exchange between Treasure Island and Yerba Buena Island, which is not subject to the Tidelands Trust, to free portions of Treasure Island from the Trust and permit the uses set out in the DDA to be constructed. The DDA maximizes the development potential of NSTI under the revised Trust configuration.
- Job Corps Campus. The campus' location almost directly in the middle of Treasure Island significantly impacts the land use plan. The boundaries of the campus pose planning challenges and other challenges related to infrastructure and community development.

C. REDEVELOPMENT PLANNING PROCESS

INITIAL REUSE PLANNING FOR NSTI

In 1994, a Citizen's Reuse Committee ("CRC"), representing a broad spectrum of community interests, was formed to review reuse planning efforts regarding NSTI for the San Francisco Planning Department, the San Francisco Redevelopment Agency, and the Board of Supervisors. This planning effort resulted in the establishment of a Draft Reuse Plan for Treasure Island that was endorsed in 1996 by the Mayor, the Board of Supervisors and the Planning Commission. The Reuse Plan operated like a "general plan" for NSTI, identifying opportunities and constraints and policy goals and recommendations related to the redevelopment effort. The goals and policies recommended in the Reuse Plan continue to guide the planning for NSTI, and are reflected in the DDA.

The reuse planning process recommended that the City create a single-purpose entity to govern the redevelopment of NSTI. The Authority was created in 1997 to serve as that entity. Under the Treasure Island Conversion Act of 1997, the California Legislature gave the City's Board of Supervisors the authority by resolution to designate the Authority as the redevelopment agency with all the rights, powers, privileges, immunities, authorities and duties granted to a redevelopment agency under the

California Community Redevelopment Law (CRL) for the purpose of acquiring, using, operating, maintaining, converting and redeveloping NSTI. The Conversion Act also granted to the Authority all of the State's rights, powers and interests in the portions of Treasure Island and Yerba Buena Island subject to the Tidelands Trust. The Treasure Island/Yerba Buena Island Citizen's Advisory Board (the "TI CAB") was formed in 2000 to provide broad-based community policy guidance and oversight regarding the redevelopment of NSTI. The TI CAB has 25 members – 12 appointed by the Mayor and 9 by the Board of Supervisors, and 4 selected by a vote of NSTI residents. Since its inception, the TI CAB has held over 80 meetings regarding the Development Plan and the redevelopment of NSTI.

PLAN FOR ASSISTING HOMELESS PERSONS

At the time of the Base closure, NSTI was subject to a process proscribed by the Federal Government in the Base Closure Act, which required the designated Local Reuse Authority (LRA) to propose a plan for using Base resources to assist homeless persons as part of the strategic Land Use Plan for redevelopment of the Base.

In 1996, the City and the Treasure Island Homeless Development Initiative ("TIHDI"), a collaboration of homeless services agencies that was formed in 1994 to develop the homeless component of the Reuse Plan, finalized the Base Closure Homeless Assistance Agreement and Option to Lease Real Property (the "Original TIHDI Agreement"). The United States Department of Housing and Urban Development approved the TIHDI Agreement and determined that it met the Base Closure Act requirements. Among other things, the TIHDI Agreement (1) gave TIHDI certain rights to participate in economic development opportunities on NSTI, (2) facilitated implementation of a permanent employment program related to TIHDI's activities, (3) gave TIHDI certain rights to both temporary and permanent housing in support of TIHDI's programs, and (4) provided TIHDI with financial support. The Original TIHDI Agreement was amended and restated in its entirety by the Amended and Restated Base Closure Homeless Assistance Agreement (the "TIHDI Agreement"), which was unanimously approved by the Authority Board of Directors in April 2011 and the Board of Supervisors in June 2010. The Authority, TICD and TIHDI have worked together closely to ensure that the DDA is consistent with the TIHDI Agreement. Relevant terms of the TIHDI Agreement that relate to housing and economic development opportunities are incorporated into the DDA.

SELECTION OF MASTER DEVELOPER FOR THE TREASURE ISLAND MARINA

On January 21, 1998, the Authority issued a Request for Proposals ("Marina RFP") to evaluate proposals related to the development and expansion of the Treasure Island Marina ("Marina Project"). Three development teams, including Treasure Island Enterprises, LLC ("TIE"), submitted proposals in response to the Marina RFP. After considering the recommendations of a selection committee appointed by the Authority and the results of an independent analysis of certain components of the Marina RFP

selection criteria by the Sedway Group, the Authority selected TIE as the developer for the Marina Project.

On or about November 14, 2001, the Authority approved a Term Sheet summarizing certain basic terms of a proposed Lease Disposition and Development Agreement and long-term Ground Lease between the Authority and TIE for the redevelopment, expansion and operation of the Marina Project to include 400 new slips, a breakwater and other water side marina amenities, and certain land side amenities (**Attachment B**). On or about November 10, 2004, the Authority removed the land side amenities from the TIE Term Sheet and granted the land side opportunities to TICD, the master developer for the Islands as a whole.

SELECTION OF MASTER DEVELOPER FOR NSTI

An important recommendation from the reuse planning process was that the redevelopment of NSTI should be planned and implemented as a public/private partnership in collaboration with a private master developer. The Navy supported this recommendation, which was consistent with Department of Defense Base Conversion Policies. Accordingly, on June 14, 2000, the Authority authorized the issuance of a Request for Qualifications ("RFQ") regarding the master development of NSTI. The RFQ contemplated the issuance of a separate Request for Proposals ("RFP") to those respondent(s) who met the qualifications under the RFQ. Based on review of the submittals to the RFQ by the TI CAB, Authority staff and a team of consultants, the Authority selected TICD as the most qualified respondent to proceed to the RFP phase.

After an extensive public process of drafting the RFP, with direct input from the TI CAB, the Authority issued a focused RFP in April 2002. After additional analysis and public meetings, on March 12, 2003, the Authority determined that TICD's final response to the focused RFP met the criteria set forth in the RFP and warranted the Authority entering into exclusive negotiations with TICD as the prospective Master Developer. On June 1, 2003, the Authority entered into an Exclusive Negotiating Agreement with the Master Developer (that agreement was later amended and restated) (the "ENA"). All together, the public process of reviewing the form of and the responses to the RFQ, the RFP and the ENA involved nearly 60 public meetings.

Exclusive Negotiations and Redevelopment Planning

The ENA describes the terms and conditions under which the Authority and the Master Developer were willing to negotiate (1) the DDA and related conveyance agreements governing the redevelopment of the Property, (2) one or more 66 year ground leases for certain portions of the Property that will remain subject to the Tidelands Trust, and (3) other necessary transaction documents for the conveyance, management and redevelopment of the Property.

The ENA includes a schedule of performance setting forth a number of major milestones. The first key milestone, the Master Developer's presentation of certain additional studies regarding the alternative locations of a future ferry terminal, the feasibility of on-site wastewater treatment, and a peer review of the Master Developer's

geotechnical assumptions and approaches (collectively, the "Studies"), was achieved in January 2004. In addition, after significant planning with the California State Lands Commission and input from the TI CAB and the Authority, in September of 2004, the Governor signed into law the Treasure Island Public Trust Act of 2004, which authorizes an exchange of Tidelands Trust properties between Treasure Island and Yerba Buena Island. This legislation was a major milestone for the Project because it established the areas on Treasure Island where residential and other non-Trust uses could be developed.

Development Plan and Development Plan Update

The Development Plan was the next key milestone under the ENA and the precursor to (1) completing necessary project-specific environmental review under applicable laws, and (2) presenting documents implementing the Development Plan to the Authority Board and the Board of Supervisors for final approval.

The Development Plan was designed to build on the Reuse Plan and advance a number of key principles and policy objectives established by the Authority for the Project. The key principles, which are described in the Development Plan, seek to ensure that NSTI's redevelopment will provide a broad range of benefits, including the incorporation of housing, employment and support components of the TIHDI Agreement, and a comprehensive jobs and community and economic development program that includes the creation of significant numbers of new construction and permanent jobs.

The Development Plan was formulated as part of an iterative public process. The Master Developer and Authority staff presented each of the elements of the Development Plan, such as the infrastructure, sustainability, housing, transportation, finance and land use plans, separately and in draft form to the TI CAB and the Authority. Based on the comments that were received, the documents were revised accordingly. This process often involved multiple reviews of various plan elements. In addition, the Master Developer and staff periodically presented key elements of the Development Plan to the Land Use Committee of the Board of Supervisors, at other public workshops and to other public bodies. Altogether, from the date of the ENA to the present, over 250 public meetings have been held on the various components of the Development Plan.

This iterative public process culminated with the TI CAB's endorsement of the 2006 Development Plan on October 24, 2006, the Authority Board of Directors' approval of the 2006 Development Plan on October 30, 2006, and the Board of Supervisors' approval of the 2006 Development Plan on December 12, 2006.

Based on the Authority's planning efforts, due diligence and negotiations with: (i) TICD, (ii) the Navy and (iii) TIHDI that were conducted between the endorsement of the 2006 Development Plan in 2006 and the 2010 Development Plan Update in early 2010, the Authority worked with the TI CAB, TICD, the Navy and TIHDI to prepare a comprehensive set of term sheet documents that would update the vision for Treasure Island consistent with the economic terms of the proposed Navy deal, then current economic conditions and the recognition of realistic project funding sources that would

enable the Authority to deliver a financially and fiscally feasible project. Together, the EDC MOA Term Sheet, the Development Plan Update (together with the 2006 Development Plan) and the TIHDI Term Sheet outlined the terms upon which the Authority, the Navy, TICD and TIHDI would continue to negotiate in good faith to reach agreement on final transaction documents for the Project, including the EDC MOA, the DDA and the TIHDI Agreement.

Final Environmental Review and Completion of Transaction Documents

In addition to finalizing those term sheet documents, the Authority and the Master Developer initiated project-level environmental review under the California Environmental Quality Act of the proposed Development Plan. A Notice of Preparation for the environmental impact report (EIR) was published in January 2008, and a Draft EIR circulated for public comment in July 2010. After a 60-day public comment period, a Comments and Responses document was prepared and published in March 2011. The Final EIR, comprised of the Draft EIR and the Comments and Responses document, was certified by the San Francisco Planning Commission and Authority Board, as co-lead agencies, in April 2011. A timely appeal of the EIR certification was filed and heard by the Board of Supervisors in June 2011; the Board voted unanimously to reject the appeal and uphold the certification of the Final EIR.

During the same time period, the Authority, City and Master Developer negotiated a series of transaction documents, both contractual and technical, that provide for the implementation of the Project, as originally contemplated by the Development Plan. These documents were unanimously approved by both the Authority Board in April 2011 and by the Board of Supervisors in June 2011. The principal transaction and technical documents and approvals include:

- The DDA, which includes several substantive technical attachments, including an Infrastructure Plan, a Housing Plan, a Financing Plan, a Land Use Plan, a Phasing Plan, a Schedule of Performance, and a Jobs and Equal Opportunity Program;
- A Development Agreement by and between the City and County of San Francisco and Treasure Island Community Development, LLC (DA); and
- A series of ordinances amending the General Plan and Planning Code and authorizing a Design for Development for Treasure and Yerba Buena Islands, which together will control the physical design standards and approvals for all future development within the Project site.

The DDA and its attachments are included as Attachment A to this EDC Application, replacing the original Attachment A (the Development Plan).

The Authority Board and the Board of Supervisors also unanimously approved, at the same time, the TIHDI Agreement, the EDC MOA with the Navy, and the Public Trust Exchange Agreement between the Authority and the State Lands Commission.

Use of Terms in this EDC Application

The DDA and associated documents supersede the Development Plan in its entirety. Therefore, all references in the EDC Application to the Development Plan should be understood to mean the DDA; references to the Project's Infrastructure Plan, Financing Plan, Housing Plan, Transportation Plan, Phasing Plan, and other technical documents should be understood to mean the versions of those plans approved and incorporated with the DDA; and references to the TIHDI Agreement should be understood to mean the Amended and Restated TIHDI Agreement approved at the same time as the DDA. The only exceptions to this are historical references in Chapter VII to the actions taken in 2006 by the Authority and the Board of Supervisors to endorse the Development Plan.

D. SUMMARY OF KEY FINANCIAL TERMS

The Authority's Proposed Consideration to the Navy for the conveyance of NSTI is comprised of an Initial Consideration of \$55 million and Additional Consideration of another \$50 million and 35% of project cash flow upon achievement of certain investment returns to the Master Developer. Section VI of the Application, as amended in June 2010, provides a detailed description of the Proposed Consideration.

E. EDC APPLICATION OVERVIEW

In 2000, the Authority submitted the Original EDC Application to the Navy. Because the Authority had not selected a master developer at the time of the Original EDC Application, the Authority developed the illustrative land use plan described in the Original EDC Application solely to demonstrate the financial feasibility and economic benefits of redeveloping NSTI.

This Amended and Restated EDC Application and Business Plan for Naval Station Treasure Island (the "Application") amends and restates the Original EDC Application in its entirety in order to reflect the terms of the Development Plan and the Amended BRAC Rules and Regulations, and Chapters I and IV have been further amended and restated to reflect the terms of the DDA. This Application contains the following Chapters:

- Chapter I:** Executive Summary and Overview of the Redevelopment Planning Process
- Chapter II:** Project Narrative
- Chapter III:** Redevelopment and Job Generation Plan
- Chapter IV:** Business and Operational Plan
- Chapter V:** Rationale for EDC Conveyance
- Chapter VI:** Proposed Consideration
- Chapter VII:** Authority for Proposed Conveyance

This Application provides the information necessary for the Navy to make a determination that the proposed EDC meets the criteria for approval under the laws governing base closure and realignment, including the Amended BRAC Rules and Regulations. As discussed in Chapter V, an EDC is the most appropriate mechanism for conveyance in light of the many physical, legal and jurisdictional constraints affecting the Property for the following reasons:

- An EDC generates a significant number of jobs – more than 3 times the number of civilian jobs that were lost through base closure.
- An EDC is the best – and perhaps only – means of conveyance that is consistent with the Authority’s long-standing decision to utilize a private sector master developer from early on in the reuse planning process.
- An EDC will expedite the Navy’s transfer of property and the release of Navy liabilities.
- An EDC assures the property will be transferred to an eligible land owner as mandated by the California State Legislature in AB699, which confirmed the State of California’s position that the California Constitution prohibits ownership by any entity other than the State and its trustee, the Authority.
- An EDC provides the development flexibility necessary to support the massive investments of private capital needed for a project as large and complex as the Property.

CHAPTER II. PROJECT NARRATIVE

This Chapter describes the overall Property and its intended uses after redevelopment, as required by **32 CFR 174.9(e)(2)(A) and (B)**. The **Chapter consists of two sections:**

- A. A General Description of the Property Requested**, including both the physical location and the jurisdictional context of the Property.
- B. A Description of the Intended Uses** of the Property under the Development Plan.

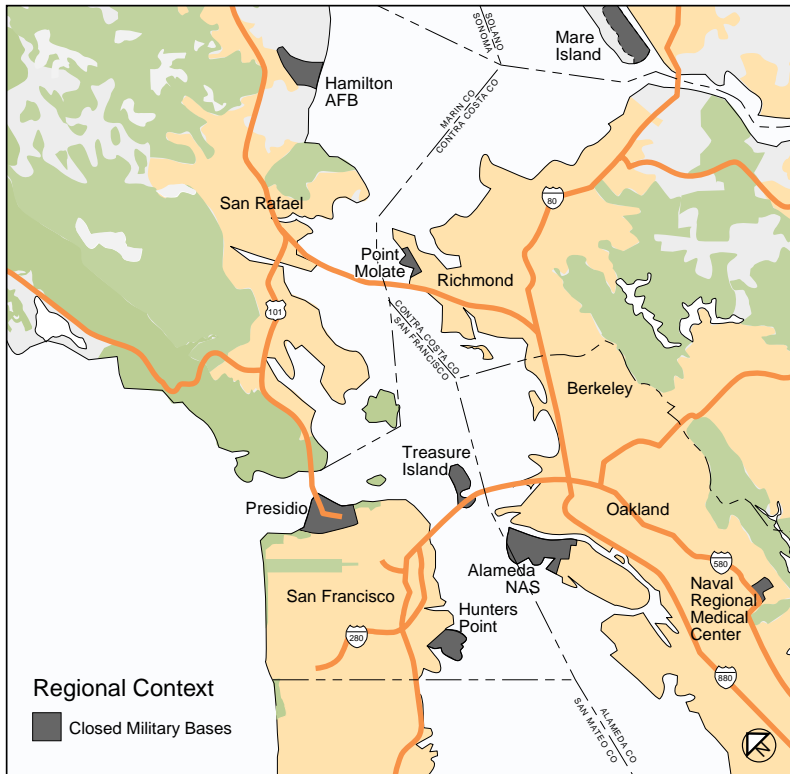
The description of the economic impact of closure on and the current financial condition of the local community is included in Chapter III.

A. PROPERTY DESCRIPTION

GEOGRAPHIC CONTEXT

NSTI comprises portions of Treasure Island and Yerba Buena Island, both of which are centrally located within the San Francisco Bay and lie entirely within the municipal boundaries of the City and County of San Francisco (see **Figure 1**). Connected by a causeway, the two islands are different from each other in origin and character.

Figure 1: NSTI's Regional Context



Treasure Island is approximately 403 acres of level, filled land. In contrast, Yerba Buena Island is a natural rock outcropping of approximately 150 acres, steeply sloped and highly vegetated, with elevations rising to over 300 feet above the water. The eastern and western spans of the Bay Bridge meet at Yerba Buena Island with a series of ramps providing access to both islands from the bridge. Both islands are highly visible within the region, from the Golden Gate and Bay Bridges and along the Embarcadero in downtown San Francisco.

POLICY AND JURISDICTIONAL CONTEXT

Due to its unique location and characteristics, NSTI falls within several regulatory jurisdictions that are relevant to its reuse and redevelopment. These jurisdictions and their role in the reuse process are briefly described below.

Treasure Island Development Authority

On May 2, 1997, the Board of Supervisors of the City and County of San Francisco authorized the Mayor's Treasure Island Project Office to establish the Authority as a California nonprofit public benefit corporation for the purpose of overseeing and implementing the redevelopment, reconstruction, rehabilitation, reuse, and conversion of the Base for the public interest, convenience, welfare, and common benefit of the inhabitants of the City.

Under the Treasure Island Conversion Act of 1997 (AB 699) (the "Conversion Act"), a copy of which is attached as **Attachment C**, the California legislature:

- Designated the Authority as a redevelopment agency under California redevelopment law with authority over NSTI.
- Granted the Authority the right to administer and control the Tidelands Trust as to those areas of Treasure Island that are former tide or submerged lands and, therefore, subject to the Tidelands Trust.
- Provided the Authority with the ability to acquire, sell, lease, exchange, transfer, convey, or otherwise grant interests in or rights to use or occupy all or any portion of the real property located on NSTI.

In March 1998, the Office of Economic Adjustment recognized the Authority as the Local Reuse Authority ("LRA") for NSTI.

The Mayor appoints the Authority's Board Members and the Board of Supervisors has approval rights over such appointments. Personnel from the Mayor's Office of Base Reuse and Redevelopment are responsible for negotiating and structuring both the conveyance of NSTI from the Navy and the agreements related to the final development of NSTI on behalf of and under the direction of the Authority's Board of Directors. The Director of Island Operations and the Treasure Island Project Office staff are responsible for the day-to-day operation and interim leasing of the Base under the Cooperative Agreement and various Master Leases between the Navy and the Authority.

City and County of San Francisco

NSTI is a part of Supervisorial District 6 of the City and County of San Francisco. In order to further interim use opportunities at the Base, the City supported the State of California's acceptance of partial retrocession of federal jurisdiction at the Base to concurrent jurisdiction. Pursuant to the Cooperative Agreement with the Navy, the City currently provides police and fire protection and utility maintenance services to the Base.

The City's Board of Supervisors exercises extensive oversight over the Authority by: (i) confirming appointments to the Authority Board; (ii) approving contracts with terms in excess of 10 years or for one million dollars or more; (iii) approving and appropriating the annual budget of the Authority, and any supplemental appropriations thereto; (iv) approving the Reuse Plan, the Disposition and Development Agreements and any redevelopment plan for the Base, and any amendments thereto; and (v) approving any necessary amendments to the City's General Plan, Planning Code, and zoning regulations. The Board of Supervisors has also adopted a number of specific resolutions directly related to the operation and development of Treasure Island.

State Lands Commission / Tidelands Trust

Treasure Island proper is composed of landfill placed on former tidelands and submerged lands. As such, upon any conveyance from the Navy, Treasure Island will be subject to the Tidelands Trust, which applies by operation of California law via AB 699. The Tidelands Trust does not apply to Yerba Buena Island, because it is not former submerged land.

The Tidelands Trust imposes three principal restrictions: (1) land uses are limited to Trust purposes; (2) sale of fee title from Trust property to private entities or persons, or other forms of alienation of Trust property, is prohibited (although ground leases with a maximum term of 66 years are allowed); and (3) revenues generated from the use of Trust property must be devoted to Trust purposes. The land use restrictions imposed by the Tidelands Trust are similar to the zoning and other restrictions that would likely be imposed on the Property by the local decision-makers, independent of the application of the Tidelands Trust.

The Conversion Act contains provisions that specifically address the applicability of the Tidelands Trust to Treasure Island. Among other things, it provides that certain existing buildings at Treasure Island that are not acceptable for Tidelands Trust uses (such as the existing housing, the elementary school, the Brig, and the Fire Training School) may be used for non-Trust purposes for the remainder of the useful life of such buildings.

Permitted uses under the Tidelands Trust generally include uses that attract people to the waterfront, promote public recreation, protect habitat, or preserve open space. Thus, cultural, hotel, entertainment, and recreation uses are generally permitted under the Tidelands Trust. On the other hand, residential, non-maritime office, industrial, and research and development uses are generally not permitted uses of Tidelands Trust property.

There are some circumstances under which limited non-Trust uses may be permissible on Trust lands. Interim non-Trust uses are generally permitted on Trust lands for short periods where there is no present Trust-related need for the lands, and the use would not result in the construction of new structures or otherwise impede conversion to Trust uses. Existing historic buildings on Trust lands may be particularly amenable to interim non-Trust use, since the productive economic use of the space within such buildings often facilitates their historic preservation, which is itself a Trust purpose.

The existence of the Tidelands Trust limits the development potential of Treasure Island. In order to formulate a more rational and desirable land use plan and to create additional value from the Property to be used to finance the extensive geotechnical and infrastructure improvements required to redevelop the Property, the Authority obtained State legislation approving a Tidelands Trust exchange between Treasure Island and Yerba Buena Island.

The Treasure Island Public Trust Act of 2004 (the "Exchange Act") approves and authorizes the State Lands Commission to carry out an exchange of lands under which certain non-Trust lands on Yerba Buena Island with substantial value for the Tidelands Trust would become subject to the Tidelands Trust and the statutory trust created under the Conversion Act, and certain lands on Treasure Island that are no longer useful for Trust purposes would be freed from the Tidelands Trust and the statutory trust provision. Under the terms of the exchange, only the Authority, as the trustee under the Trust, is permitted to hold land subject to the Trust.

Bay Conservation and Development Commission

The Bay Conservation and Development Commission ("BCDC") has permitting authority to require maximum feasible public access on any new project within 100 feet of the shoreline and to enforce the special use designations in its San Francisco Bay Plan. Pursuant to the Federal Coastal Zone Management Act, BCDC also conducts a review of federal activities for consistency with the Bay Plan. Yerba Buena Island is designated for "recreational use" in the San Francisco Bay Plan.

Federal Government

The Navy has conveyed three major portions of the Base through Federal-to-Federal transfers:

- Coast Guard. As part of the BRAC property disposition process, the U.S. Coast Guard retained possession of approximately 32 acres of land on the southern side and top of Yerba Buena Island. The Coast Guard uses this site to support Bay Area operations, including vessel-tracking operations.
- Job Corps. The U.S. Department of Labor received approximately 36 acres of property through the BRAC property disposition process. This property has been converted to a Job Corps Campus with a capacity to house more than 850 students. The facility includes the use of 11 buildings totaling over 500,000 square feet.
- Federal Highway Administration/Caltrans. Approximately 20 acres of dry and submerged land was transferred to the Federal Highway Administration in 2000, which subsequently transferred the land to the California Department of Transportation (Caltrans) for the construction of the new eastern span of the Bay Bridge.

DESCRIPTION OF PROPERTY REQUESTED

This Application seeks conveyance of all Property on NSTI, excluding the three Federal-to-Federal transfers described above. The extent of the requested land area is indicated in **Figure 2**. (Submerged lands are not depicted but are also requested in the EDC.)



Figure 2.: Property Requested Through EDC

Existing Buildings and Facilities

There are approximately 150 military buildings and 904 housing units on Treasure Island, totaling 2.5 million square feet of built area. The military buildings have served a broad range of functions and comprise a variety of types, including a medical/dental building, fire training facility, prison (brig), hangars, administrative offices, restaurants, barracks, recreational facilities, a marina, and miscellaneous storage and equipment buildings. The housing units on Treasure Island are multi-story, attached-unit structures.

On Yerba Buena Island there are an additional 105 housing units, including 10 large single family residences. Most of the housing units are assembled, single-story structures of attached units. In addition, there are approximately 10 storage, communications, fire safety, and administrative buildings, many little more than abandoned sheds.

Several buildings on each island are historically significant. On Treasure Island, the remaining buildings from the Golden Gate Exposition of 1934 - Buildings 1, 2, 3, and 111 - have been determined eligible for listing in the National Register of Historic Places ("NRHP"), as are Quarters 8, 9, and 10 and Buildings 262 and 267 on Yerba Buena Island. Additionally, the Senior Officers Quarters Historic District on Yerba Buena Island, which includes Quarters 1-7 and associated garages (Buildings 83, 205, and 230), has also been determined to be eligible for listing in the NRHP. Quarters 1, also known as the Nimitz House, is individually listed in the NRHP. As the site of the Golden Gate

Exposition of 1934, the entirety of Treasure Island is listed as a State Historic Landmark on the California Register of Historical Resources.

Personal Property

This Application assumes that all of the Navy's personal property currently remaining on NSTI will be conveyed to the Authority through the EDC.

Utilities and Infrastructure

In addition to the land, existing buildings, and remaining personal property, this Application seeks the transfer of all existing on-site and off-site utilities, infrastructure systems, and roadways, and all related contracts, easements and rights of way, relating to the Base. Although the existing systems have some capacity to serve current levels of demand in the short term, most systems, including the gas, water, and electricity systems, are virtually obsolete and/or do not conform to City codes. Upgrades and new facilities for all utility systems are planned as part of the redevelopment program, as described in Chapter IV. A more detailed assessment of existing conditions is provided in the Infrastructure Plan that is attached to the Development Plan.

B. DESCRIPTION OF INTENDED USES

During the extensive public planning process, the Authority and the Master Developer formulated a Land Use Plan as part of the Development Plan that is based on the Reuse Plan, the RFQ, the RFP and the ENA. The Land Use Plan has undergone significant revisions and refinements since the Original EDC Application to address feasibility issues and comments received from various stakeholders during the planning process. The Land Use Plan takes into account several factors: (1) the market analysis for proposed uses and the ability of the market to absorb new development; (2) the goal of maximizing the job generation potential of redevelopment; (3) the need to address development constraints and timing of major infrastructure systems and seismic safety improvements; (4) existing land use commitments; and (5) the need to develop strong revenue-generating uses early in the program in order to yield sufficient returns to attract private sector development to finance the improvements needed for later phases.

The guiding principles of the Land Use Plan are to:

- Maximize new businesses and commercial opportunities on the Islands to generate jobs and support a jobs-housing link;
- Create dense development located around a multi-modal transportation hub, including a newly created Ferry Quay on the west side of Treasure Island;
- Establish Treasure Island as a commercial and visitor destination, including encouraging arts, cultural, entertainment and educational uses, that serve as both an amenity for San Francisco residents and a destination for nonresidents;
- Create an island gateway and heart with the most intense residential density and the majority of commercial uses focused on the western shore to capitalize on views to San Francisco as a public resource;

- Create a compact neighborhood with public spaces and land uses that are organized to encourage walking, bicycling and public transit and discourage the use of private automobiles;
- Deliver a comprehensive network of new parks, open spaces and recreational opportunities;
- Include enough residential density to create a sustainable and self-sufficient community that supports neighborhood-serving retail, community facilities, and transit infrastructure and service;
- Identify opportunities, to the greatest extent feasible, to integrate effectively the existing Department of Labor Job Corps Campus into the new community both physically and programmatically; and
- Create a mixed-income community that is family-friendly and makes a significant contribution to the City's need for affordable housing.

Based on these guiding principles, the Development Plan contains a variety of land uses that promote both a new San Francisco neighborhood and a major new destination for local, regional, national and international visitors. The four primary components of the Land Use Plan are (i) residential, (ii) retail, (iii) other commercial and adaptive reuse, and (iv) open space/recreation and community and public facilities.

The development program, which is described in more detail in Chapter IV, includes the following specific components:

- 6,000 residential homes, of which 30 percent (1,800 homes) will be offered at below-market rates;
- Approximately 235,000 square feet of neighborhood serving and lifestyle retail and visitor-serving retail and entertainment;
- Approximately 420 hotel rooms in three different product types;
- Renovation of key historic buildings such as Building One, the historic seaplane hangars and the "Great Whites" on Yerba Buena Island;
- Approximately 300 acres of parks, open space and recreational opportunities;
- Community and educational facilities including a community center, child care space, a school and space for TIHDI; and
- Essential public facilities such as a wastewater and recycled water treatment facility, a police and fire station and an open space maintenance facility/corporation yard, among others.

LAND USE PLAN AND URBAN DESIGN CONCEPTS FOR TREASURE ISLAND

The redevelopment of Treasure Island requires the transformation of NSTI from a former military base to a new San Francisco neighborhood. With the exception of the historic structures, the Treasure Island Elementary School, and the Delancey Street Life Learning Academy, it is expected that all of the existing structures on Treasure Island

will be deconstructed. The densest development will be focused around a multi-modal transportation hub, including a newly created Ferry Quay on the west side of Treasure Island. Buildings, streets and open spaces will be oriented to respond to Treasure Island's unique microclimate of wind, sun and fog, accomplished, in part, by shifting the conventional street grid to orient certain streets due south. The project will create a compact neighborhood with public spaces and land uses that are organized to encourage walking, bicycling and public transit and discourage the use of private automobiles.

Specifically, Treasure Island will be comprised of four districts, described below.

Mixed-Use Urban Core

The renovation of Building 1 and the construction of a new Ferry Quay/Transit Hub on the western shoreline will create the dense, urban core that will serve as the gateway to Treasure Island. The Ferry Quay is carved approximately 500 feet into the Island to create an urban harbor that delivers ferry vessels directly to Treasure Island's urban core, rather than to a pier out beyond the Island's edge. A pedestrian-oriented retail street with neighborhood and visitor-serving shops and services will stretch from the Ferry Quay south to Clipper Cove. Because of the importance of providing sufficient neighborhood-serving retail to enable the community to be self-sufficient, the project will include a grocery store or market of sufficient size and with sufficient grocery items to meet the anticipated needs of Treasure Island's residents.

The densest residential structures will be located in this urban core, capitalizing on the proximity to transit as well as the views of the San Francisco skyline. A residential tower is proposed as the marker of the core and the transit node, an architectural feature typical of major urban nodes in historic cities. A full-service hotel is planned for the northern side of the Ferry Quay, situated in part to block wind for the public area fronting on the ferry terminal. Building 1 will become the welcome center and main indoor community gathering place for Treasure Island, with a mixture of commercial and community spaces, including a Treasure Island Museum, in this historic structure.

Clipper Cove and Pier One District

The Clipper Cove and Pier One district will contain a mixture of commercial, recreational, open space and residential uses stretching from Building 1 east along the southern shoreline of the island to Pier One. The end of the pedestrian-oriented retail street that begins at the Ferry Quay will terminate at a plaza fronting on Clipper Cove. The plaza is envisioned to be ringed with restaurants, shops, a lodging facility and residences, becoming one of the main outdoor gathering places for residents and visitors to the island. The plaza will be designed to accommodate a public performance space at the edge of the shoreline. A waterfront promenade lined on the inland side by shops and restaurants, with housing above, will run along the shoreline and front on a brand new 400-slip marina. The historic former seaplane hangars, Buildings 2 and 3, will provide the backdrop to this marina waterfront mixed-use row and are expected to contain cultural, commercial or recreational uses. The foot of Pier One will be retained as another large public space, anticipated to include commercial, retail, open space or recreational uses, complementing a water-oriented use of Pier One itself. The entry area

to Pier One will also be the site of the Treasure Island Sailing Center, which offers sailing classes and programs for youth and adults, including special programs for the disabled.

Residential Neighborhoods

Two main residential neighborhoods will radiate from the island core/Ferry Quay along the southern and western shorelines of the Island. These residential neighborhoods will be dense, compact, and sustainable developments. The residential units will consist of a mix of affordable and market rate units, both rental and for sale. Building heights will be varied, with the tallest and most dense buildings located closest to the Island core and Ferry Quay. The neighborhood blocks will consist primarily of dense, low-rise structures punctuated by mid-rise neighborhood towers serving as neighborhood markers. This diversity of product types will attract a similarly diverse mix of residents, including young workers, families with young children, established families, and seniors. Pedestrian-friendly streets will be woven through the neighborhood blocks, linking smaller, neighborhood parks, playgrounds and green spaces. The urban core, with the Transit Hub, shops and restaurants, will be within a 10-15 minute walk of the residents.

Open Space

Treasure Island proper will include approximately 220 acres of public parks, open space and shoreline improvements. The open space and recreation elements, described further below, are designed to create a balanced mix of active and passive programming to provide (i) a diverse mix of urban plazas and parks, (ii) active recreation for residents and visitors, (iii) a destination for arts and arts programming, and (iv) greater access to and use of the water's edge.

LAND USE PLAN AND URBAN DESIGN CONCEPTS FOR YERBA BUENA ISLAND

While portions of Treasure Island will offer a dense urban environment, the redevelopment of Yerba Buena Island will focus on the natural character of that island. The current uses on Yerba Buena Island – housing, open space and historic structures – will continue to be the land use pattern in primarily the same locations as they currently exist. Most of Yerba Buena Island – approximately 80 acres – will continue to consist primarily of open space, but will be improved with a new hilltop park overlooking the Bay and San Francisco, habitat restoration and the expansion of an existing trail network linking the hilltop park with the shoreline and bluffs. This open space area will be the receiving site for imposition of the Tidelands Trust as part of the Tidelands Trust exchange between Treasure Island and Yerba Buena Island. The historic former officer quarters known as the “Great Whites” on the eastern end of Yerba Buena Island will be renovated for visitor-serving uses. Approximately 200-300 new homes will be constructed on Yerba Buena Island, almost exclusively on the sites of the existing housing on Yerba Buena Island. Finally, a new 50-room wellness lodging facility is proposed on the western side of Yerba Buena Island. All structures on the hillsides of Yerba Buena Island will be low-rise and will be located so as to preserve views of the Bay from the hilltop park and to retain public access to hillside open spaces and the trail network.

LAND USE PLAN AND URBAN DESIGN CONCEPTS FOR THE TREASURE ISLAND MARINA

The Marina Project will include 400 new slips for boats ranging in size, a floating breakwater and wave attenuator, and dredging as required for marina needs and as permitted by appropriate governmental agencies. The landside improvements are expected to include services necessary to support the Marina, including a restroom, shower, laundry facilities and other improvements provided for the use of Marina tenants.

CHAPTER III. REDEVELOPMENT AND JOB GENERATION PLAN

This Chapter describes the economic impact of NSTI's closure and the Authority's approach to economic development in its reuse plans. The Chapter is divided into three sections, which provide the information requested in **32 CFR parts 174.9(e)(2)(C)-(D) and 174.9(e)(3)**:

- A. Impact of Economic Closure** on the San Francisco Bay Region;
- B. Financial Condition of the San Francisco** at the time of closure and since, and the prospects for redevelopment of NSTI;
- C. Job Generation Plan**, which outlines the Authority's approach to job generation at NSTI and provides estimates of the jobs that will be created through redevelopment.

A. ECONOMIC IMPACT OF CLOSURE ON THE SAN FRANCISCO BAY AREA

In the years following World War II, NSTI was used primarily as a training and administrative center. Approximately 3,000 military personnel worked at the Fleet Training Center, Commander Naval Base San Francisco, Navy and Marine Corps Museum, waterfront facilities, and in personnel activities, including the processing of Pacific-bound and homecoming personnel. In addition to military personnel, approximately 750 civilians worked on the island in resident-serving activities, such as the school, banks, and post office. This figure does not include jobs that were indirectly supported in the community by the Base's activities and spending.

During the 1990s, the San Francisco Bay Area suffered a highly disproportionate share of base closures. The closure of NSTI was one of seven base closures in the region, including two others in San Francisco alone – the Hunters Point Naval Shipyard and the Presidio. According to the East Bay Conversion and Reinvestment Commission, a total of 15,000 civilian jobs were lost in the San Francisco Bay Area between 1993 and 1997 due to these base closures. Beyond the lost jobs at NSTI, the closures meant the loss of millions of dollars in military procurement spending as well as spending by military personnel and their families. The cumulative impact of these base closures was a major blow to the regional economy and contributed to the State's recession of the early 1990s. Thus, NSTI job losses occurred in the context of an already weakened economy and reduced prospects for re-employment.

B. FINANCIAL CONDITION OF SAN FRANCISCO

As a general matter, the City and County of San Francisco maintains a solid financial condition. However, as a result of the financial constraints that Proposition 13 imposed on California cities and counties and the severe reduction in Federal and State funding for local programs, the City has been forced to defer capital and operating expenditures in areas such as transportation, parks and recreation, public infrastructure and others, and thus the City cannot afford to pay the more than \$1 billion necessary to prepare the Property for vertical development. Major development projects in the City such as Treasure Island must be financially self-sufficient – that is, the development must be structured to avoid any adverse financial impacts on the City's General Fund.

As discussed in Chapter IV, much of the investment needed in Treasure Island – including seismic retrofitting, transportation infrastructure, utilities, and others – must be done at the inception of any redevelopment and cannot be phased. Similarly, because of the isolation of NSTI from mainland San Francisco, public services such as fire and police protection and transportation must be fully staffed and operational even in the first phase of the project in order to ensure response times consistent with the standard level of service in the rest of San Francisco.

Fortunately, by leveraging private capital, the City's entitlement process and approximately \$700 million in tax-exempt public financing, it is possible to redevelop Treasure Island in a way that is financially feasible and self-sufficient. The Development Plan takes into account the City's financial strengths and weaknesses, and proposes a financing structure that utilizes public funds that can be generated by the project itself (such as tax increment financing and Mello-Roos bonds) without relying on annual General Fund appropriations that compete with other City needs. These public financing tools rely on the increase in assessed property values resulting from redevelopment and, therefore, do not negatively impact the City's bond rating or ability to borrow funds based on current assessed property values. The City also will commit net revenues generated from NSTI towards the capital costs of the project. This includes both current revenues, obtained by leasing out the existing housing and the public facilities leases, and future tax revenues capitalized using tax-exempt, land-secured, public financing tools.

At buildout of the project, the net increase in revenues accruing to the City from the new development are expected to exceed the expenses associated with providing additional public and community services like public transit, police, fire and public works, as a result of the development. However, during initial phases of the project, fiscal shortfalls in the amount of approximately \$36.2 million are likely due to the need for increased levels of public services in advance of many of the new tax revenues generated by the development. To further enhance the fiscal feasibility of the project, the Development Plan requires that a municipal services payment be made to the Authority equal to the estimated amount of these shortfalls as a project expense.

This balanced financing structure for the project, discussed in more detail in Chapter IV, is feasible and realistic, and makes the prospects for redevelopment of NSTI strong.

C. JOB GENERATION THROUGH REDEVELOPMENT

The creation of new jobs and economic activity is a primary goal, shared by the Authority, the Navy, and the Master Developer for NSTI. The Authority's approach is both quantitative - maximizing the number of jobs to be created given the unique constraints imposed by the site - and qualitative - offering job training and assistance programs to help make sure the jobs that are available result in meaningful employment.

JOB GENERATION

In preparing the Development Plan and its land use program, the Authority and Master Developer undertook a strategic analysis to determine which land uses would generate jobs, given the physical, infrastructure, market and regulatory challenges and constraints of the site. Based on this analysis, the Land Use Plan includes many uses that will generate jobs, including commercial, retail, hospitality, recreational and community services.

Based on the Development Plan, it is estimated that redevelopment of NSTI will generate over 2,600 permanent civilian jobs, approximately 3.5 times the number of civilian jobs that was lost with the Base closure. Construction activity and interim reuse for film and event production will create over 21,000 additional short-term jobs. Redevelopment will create jobs at a variety of skill levels and will support the City's larger economic development objectives by supporting the growth of industries such as tourism and entertainment.

Long-Term/Permanent Jobs

Using reasonably conservative assumptions about employment levels associated with certain land uses, it is estimated that the redevelopment of the islands will create approximately 2,630 new long-term, permanent jobs. As outlined in **Table 1**, below, the bulk of these jobs will be associated with commercial uses - hotel and lodging, retail, restaurants, and reuse of the historic structures (Buildings One, Two and Three). The remainder of the jobs is associated with the provision of public and community services, operation and maintenance of recreational facilities, and new housing.

Short Term/Temporary Jobs

Similarly, employment associated with construction activity and interim reuse of existing structures was calculated based on reasonably conservative assumptions. It is estimated that more than 21,000 jobs will be created through these activities. The vast majority of these are quality construction jobs, accounting for approximately 2,000 jobs annually over the build-out of the project.

Table 1: Job Generation Schedule (Cumulative Jobs)

Project	Units per Employee	Source	Total at Buildout	Fiscal Year Ending													
				Existing (1)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Short-term/Interim Jobs																	
Hangars (2)		EPS Estimate	118	70	74	78	82	86	90	94	98	102	106	110	114	118	118
Existing Housing (3)	15 units per employee	EPS Estimate	1	48	48	48	48	48	35	35	22	9	9	1	1	1	1
Construction (millions of dollars):																	
Infrastructure Construction Value (4)		EPS Estimate	\$703	\$0	\$3	\$51	\$152	\$264	\$319	\$382	\$438	\$491	\$568	\$678	\$703	\$703	\$703
Building Construction Value (5)		EPS Estimate	\$4,409	\$0	\$0	\$0	\$0	\$0	\$714	\$1,277	\$1,841	\$2,654	\$3,271	\$3,834	\$4,409	\$4,409	
Total Construction Value		EPS Estimate	\$5,112	\$0	\$3	\$51	\$152	\$264	\$319	\$1,096	\$1,716	\$2,332	\$3,222	\$3,949	\$4,537	\$5,112	\$5,112
Total Annual Construction Jobs (6)		EPS Estimate	21,048	0	14	211	625	1,086	1,316	4,514	7,065	9,601	13,267	16,261	18,683	21,048	21,048
Total Annual New Short-Term Jobs			21,167	118	136	337	755	1,220	1,441	4,643	7,185	9,712	13,382	16,372	18,798	21,167	21,167
Long-term/Permanent Jobs																	
New Residential	15 units per employee	EPS Estimate	402	0	0	0	0	0	0	65	120	175	237	292	347	402	402
T.I. Full Service/Timeshare	0.8 rooms per employee	EPS Estimate	463	0	0	0	0	0	0	0	0	0	375	463	463	463	463
YBI Wellness Center	0.8 rooms per employee	EPS Estimate	63	0	0	0	0	0	0	0	0	0	63	63	63	63	63
Retail (7)	300 s.f. per employee	EPS Estimate	942	0	0	0	0	0	0	150	150	150	300	739	739	942	942
Building One (sf)																	
Community Center (8)		TIDA	8	0	0	0	0	0	0	0	4	8	8	8	8	8	8
TIHDI Service Space		EPS Estimate	6	0	0	0	0	0	0	3	5	6	6	6	6	6	6
Transportation Coordinator Office (sf)	363 s.f. per employee	EPS Estimate	2	0	0	0	0	0	0	1	2	2	2	2	2	2	2
TIDA Offices (sf)	363 s.f. per employee	EPS Estimate	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Other Building One Uses (9)	363 s.f. per employee	EPS Estimate	84	0	0	0	0	0	0	42	63	84	84	84	84	84	84
Hangars (10)	800 s.f. per employee	EPS Estimate	299	0	0	0	37	74	111	148	185	185	185	185	185	185	299
Paid Public Parking Space (11)	270 spaces per employee	EPS Estimate	6	0	0	0	0	0	0	2	4	6	6	6	6	6	6
Open Space and Plaza Maintenance (12)	0.3 acres per employee	EPS Estimate	84	0	0	0	0	0	0	12	24	36	48	60	72	84	84
Police (13)		EPS Estimate	37	16	16	16	16	16	16	21	25	28	31	33	35	37	37
Fire (14)		SFFD	63	46	46	46	46	46	46	46	63	63	63	63	63	63	63
Street Maintenance (15)		EPS Estimate	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Recycling Center		EPS Estimate	4	0	0	0	0	0	0	2	4	4	4	4	4	4	4
Energy Generation		EPS Estimate	12	0	0	0	0	0	0	4	8	12	12	12	12	12	12
Art Park		EPS Estimate	4	0	0	0	0	0	0	2	4	4	4	4	4	4	4
Environmental Education Center		EPS Estimate	3	0	0	0	0	0	0	0	0	3	3	3	3	3	3
Wastewater Treatment		EPS Estimate	6	0	0	0	0	0	0	0	3	6	6	6	6	6	6
Health and Wellness Facilities		EPS Estimate	12	0	0	0	0	0	0	4	8	12	12	12	12	12	12
School (16)	20 students per employee	EPS Estimate	19	0	0	0	0	0	0	4	7	10	13	15	17	19	19
Childcare Facilities (17)	6.0 children per employee	EPS Estimate	8	0	0	0	0	0	0	2	3	4	5	6	7	8	8
Urban Farm		EPS Estimate	6	0	0	0	0	0	0	0	0	2	4	6	6	6	6
Sailing Center		EPS Estimate	3	0	0	0	0	0	0	0	0	0	3	3	3	3	3
Marina and Ferry Quay (slips)	100 slips per employee	EPS Estimate	4	0	0	0	0	0	0	0	2	4	4	4	4	4	4
On-Island Shuttle (3 shuttles)	2.5 employees per bus	Transportation Plan	8	0	0	0	0	4	8	8	8	8	8	8	8	8	8
MUNI (18)	2.5 employees per bus	Transportation Plan	28	8	13	13	16	19	22	24	26	28	28	28	28	28	28
East Bay Bus (18)	2.5 employees per bus	Transportation Plan	28	0	10	13	16	19	22	24	26	28	28	28	28	28	28
Ferry (18)	4.0 employees per ferry	Transportation Plan	12	0	0	0	0	0	4	4	4	8	8	12	12	12	12
Total Long-term Jobs (19)			2,629	83	98	101	144	191	242	573	753	881	1,500	2,168	2,240	2,515	2,629

* All figures are expressed in 2006 dollars.

Footnotes

- (1) Proxy for existing 2007 jobs.
- (2) Island Creative is the only tenant in Hangars 2 with approximately 70 employees, based on the interview with Island Creative. Hangars 3 is vacant but is available for light industrial activity. Employment in Hangars is assumed at 5% annual growth thr
- (3) Includes John Stewart staff and domestic services.
- (4) From TI Sources and Uses Pro Forma, Sep. 21, 2006.
- (5) Assumes land sales A.V. to be 20% of vertical sales A.V. and occur one year prior to vertical sales.
- (6) Assumes construction payroll accounts for 35% of total value with an annual average payroll of \$52,380 for all construction and extraction occupations average from BLS.
- (7) Includes 235,000 sf of main street retail, including ferry terminal, and marina landing and promenade and 47,700 sf of neighborhood retail.
- (8) Includes a neighborhood reading room, senior/adult services, and a youth center. The jobs are phased over a two-year period triggered by 2,500 new units.
- (9) Comprise 30,000 sf and may include a welcome center, a museum, a daycare and other public-serving activities. The retail portion is assumed to be 10,000 sf and is excluded to avoid double counting.
- (10) A gradual lease up of a 147,000 sf Hangars 3 is assumed from 2010 through 2015. Hangars 2 has a temporary tenant that is assumed to be replaced by permanent users in 2020.
- (11) Assumes that 1,598 parking spaces will be provided based on the Korve Engineering; 11/2005 estimate.
- (12) Based on the full-time employment per acre for existing parks and open space. According to the Public Facilities Plan, approximately 320 acres of open space planned on Treasure Island.
- (13) Assumes the number of police officers on Treasure Island would stay constant through 2013 and then increase proportionally with the household growth through buildout.
- (14) Per Julia Dawson, C.F.F.D. C.F.O. Additional staffing of 26 firefighters is assumed to be triggered by new units in 2014.
- (15) Includes road maintenance, reconstruction, and sweeping.
- (16) Assumes a capacity of 400 students; jobs phased proportionally with the household growth from 2013 through 2019.
- (17) Assumes that out of the 150 children, 100 will be in the Building One childcare facility. For the other 50, jobs phased proportionally with the household growth from 2014 through 2019.
- (18) Phasing is based on table C-16 from the Treasure Island Transportation Plan.
- (19) Refers to permanent jobs created on TI and YBI.

JOBS PROGRAMS

While maximizing the number of jobs created by redevelopment is an important goal for both the Authority and the Navy, the quality of the jobs generated is also of governmental concern. Redevelopment of Treasure Island via an EDC will also support federal, state and local workforce development goals and programs via an innovative jobs program. This will be delivered through (i) a Jobs and Equal Opportunity Program that is part of the Development Plan, and (ii) coordination with the Department of Labor Job Corps' programs located in the middle of Treasure Island.

Jobs and Equal Opportunity Program

The Development Plan for Treasure Island includes a comprehensive Jobs and Equal Opportunity Program that supports small business and employment for formerly homeless and economically disadvantaged San Franciscans. Specific employment and contracting requirements are established for construction, professional services activity and businesses, both for short-term and long-term employers. A central element of the program establishes a job broker to connect potential employee candidates with the contractors and businesses operating at Treasure Island, working with San Francisco's acclaimed CityBuild program, which trains San Francisco residents for construction trades. TIHDI will manage this job broker program as a vehicle to provide economic development opportunities for lower-income San Francisco residents, as mandated under the Base Closure Act. Job training and trainee/mentorship programs will be established specific to activities and uses at Treasure Island, coordinated with the Department of Labor Job Corps program and the larger City workforce development system.

Job Corps Coordination

The Job Corps is a federally-sponsored job training program through the Department of Labor. The Treasure Island Job Corps Campus is located on 36 acres in the middle of Treasure Island and is anticipated to remain part of the new redeveloped community. The Job Corps is an important part of the City of San Francisco's workforce development portfolio. Job Corps' job training programs can be supported and linked to both the redevelopment of the island as well as operations and future employment uses on the island. For instance, the Treasure Island Job Corps has programs training youth for construction work. There will be tremendous opportunities for these programs and trainees to be linked with contractors and construction work during Treasure Island's build-out process. Furthermore, there is an opportunity for the Job Corps' culinary training program to be linked with the many restaurants that will be located in the newly-constructed retail/commercial district.

CHAPTER IV. BUSINESS AND OPERATIONAL PLAN

This Chapter provides an overview of the business plan that the Authority and TICD developed for NSTI. The plan is organized into the following five sections, and provides all of the information required by **32 CFR 174.9(e)(4)**:

- A. Market and Financial Feasibility Analysis**, including a summary of the development approach and the market support for each proposed land use component.
- B. Project Costs**, which are divided into two categories:
 - (i). Infrastructure Investments
 - (ii). Other Development Costs

For each cost category, Chapter IV.B provides a description of the proposed investments with justification for the necessity of that level of investment.
- C. Project Phasing**, which includes the development timetable and phasing schedule.
- D. Proposed Financing Strategies**, which includes the contributions of both private and public sources to the overall pro forma.
- E. Property Valuation**, based on an appraisal analysis conducted by the Authority.

A. MARKET AND FINANCIAL FEASIBILITY ANALYSIS

DEVELOPMENT APPROACH

As described in Chapter II.B, the intended uses for the Property were generated through an extensive, in-depth public process that took into account economic and financial feasibility as well as community interests and public objectives.

Out of that process, a single vision emerged as the most feasible program for the Property. The development program and financial figures referenced in this chapter correspond to the development program modeled in the attached EDC pro forma. As discussed earlier, the project EIR analyzed a slightly larger development program than that modeled in the attached EDC pro forma to give the Authority and TICD flexibility should market conditions change. However, the development program described herein maximizes land values based on current market conditions. The intended uses for the Property (also described in Chapter II of this Application) are as follows:

- Residential. Approximately 7,637 residential units appealing to a diverse mix of people, including young workers, families with young children, established

families, and seniors. The homes will consist of affordable and market-rate units, both rental and for-sale, with a wide diversity of product types, including town homes, low-rise condominiums, and mid- and high-rise buildings.

- Retail. Approximately 110,000 square feet of newly constructed retail space, to be concentrated and organized primarily as a main street between the Ferry Quay/Transit Hub and historic Building 2, as well as additional retail elements in front of Building One and along the expanded Clipper Cove Marina. In addition, neighborhood serving retail such as a grocery store will be programmed as part of the adaptive reuse of Building 2.
- Other Commercial. The commercial development opportunities include (i) approximately 250 hotel rooms, which may include one or more full-service hotels, a wellness lodging center, and a boutique time-share hotel, (ii) health, education, cultural, environmental and job-training facilities, and (iii) adaptive reuse of Building One and Building 3 into commercial, retail, cultural, entertainment, recreation, service or arts uses.
- Open Space and Recreation. The program will include approximately 300 acres of public access, parks, open space and shoreline improvements. The plan also includes renovation and expansion of the Marina on Treasure Island. It is anticipated that the open space and recreation opportunities will provide a destination for tourists and visitors, who will in turn support the planned retail and other commercial services.

MARKET FEASIBILITY OF PROPOSED USES

The sections below discuss the marketability of each of the uses identified in the Land Use Plan, including (where appropriate) a description of the current availability and absorption rates and a projection of future demand for similar property.

Residential Market Conditions

NSTI is well-suited for residential development. NSTI is centrally located, in the middle of San Francisco Bay, at roughly the midpoint of the Bay Bridge connecting the East Bay communities of Berkeley, Emeryville, and Oakland with the northern end of the San Francisco Peninsula. This central location provides direct access to employment centers in San Francisco and the East Bay. In addition, both islands possess vistas of the City of San Francisco, the Bay and its bridges, nearby islands, and surrounding areas such as Marin County and the East Bay, enhancing the value of any proposed residential homes.

Both the City of San Francisco and the surrounding region have historically been marked by chronic housing shortages and a significant supply-demand imbalance due to the developable land constraints of the region.

Surveys by the National Association of Home Builders consistently rank San Francisco among the top ten least affordable housing markets in the country, based on the percentage of homes affordable to median income households. Locally, the Association of Bay Area Governments has found that, even during the housing boom period from 1999-2006, when thousands of new housing units were delivered annually, San

Francisco produced only 86% of the housing needed to serve its fair share of the regional demand. NSTI represents one of the few large areas of un- or underdeveloped land in the City – a rare opportunity to create a livable, dense urban neighborhood within minutes of downtown San Francisco.

The Original EDC Application recognized the strong potential for residential development on NSTI, proposing a land use program with approximately 2,800 residential homes. However, after further analysis and discussions among the Authority, TICD, and other stakeholders, it was determined that substantially more residential development was required for the project to be financially feasible. Higher residential density will provide the critical mass necessary to support the investments in infrastructure and public transportation necessary for the project (discussed below). It will also provide a sufficiently large user base for the retail to succeed and support the open space portions of the Land Use Plan, enhancing the market feasibility of those uses.

The overall residential component of the 2011 DDA’s Housing Plan includes the following unit types:

Table 2: Summary of Proposed Housing Program

	Market-Rate	Affordable	TOTALS
For-Sale Units	5,152	207	5,359
Rental Units	503	91	594
Affordable Units	0	1,684	1,684
TOTALS	5,655	1,982	7,637

This tenure breakdown reflects the assumption that 90% of the market-rate units will be offered on a for-sale basis and 10% as rentals. This assumption differs from the tenure split reflected in the original Development Plan (and earlier pro forma analyses), which assumed the split would be 85% for-sale and 15% rental. The original Development Plan provided the flexibility to change that tenure mix to 90/10 if economic conditions dictated such a change. This breakdown also reflects a requirement that 25% of the permitted 8,000 residential units be affordable, rather than the previous target of 30%; this policy change was made in response to Project financing changes discussed at length later in this chapter.

In order to verify the market support for this increased level of density and pricing/absorption assumptions, TICD commissioned three independent marketing reports from The Concord Group, Polaris Group, and S.L State and Associates. The data from the three reports supports the underlying assumptions made regarding product, density, absorption, pricing and expected home price appreciation. Additionally, the Authority commissioned an independent real estate economic and marketing firm, Pacific Marketing Associates, to peer review the three TICD commissioned marketing reports. Pacific Marketing Associates verified the reasonableness of the data from the three reports.

Like the rest of the nation, since 2008, San Francisco has experienced a deterioration in economic conditions, which has led to declines in home prices. The market experts agree, however, that the Bay Area housing market is stabilizing as new home inventory

decreases, and a slow and gradual recovery has commenced. San Francisco, due to its locational desirability by consumers and lack of new home supply, is likely to recover at a quicker pace than other markets.

Once the recovery begins to get traction, Treasure Island is assumed to be able to capture a substantial share of new home purchases because it will be one of the developable land sites capable of delivering new units. Annual market-rate home sales are estimated to average 400 units per year, with annual variation depending on the phase of build out on the Island.

Treasure Island is well positioned to benefit from both traditional urban demographics and the undersupplied family market. San Francisco, like many urban environments, has a barbell-shaped demographic mix, with more than 80% of all households in the younger worker/singles or older generations cohorts. Traditionally, due to a lack of space, security, and constraints on educational opportunities, young and middle-aged families have moved to more suburban, “family-friendly” locations. Treasure Island is in a unique position to appeal to all groups. The size of the site will allow for a diversity of housing product that can capitalize on San Francisco’s inherent strengths and provide a desirable option for the empty nesters and singles/couples, while also creating a new opportunity for families wanting to stay connected to the City.

The following product array represents TICD’s synthesis of data provided by the three market reports for Treasure Island’s residential products, based on anticipated market demand:

Table 3: Proposed Housing Mix and Pricing

Product Type	Market-Rate Unit Count	BMR Unit Count	Product Mix	Projected Starting Price Point (uninflated)	Projected Absorption
				<i>Market Rate Only</i>	
Low-Rise Flats (<i>For Sale</i>)	2,267	131	31%	\$585/ SF	6 units / mo.
Townhomes (<i>For Sale</i>)	496	10	7%	\$575-\$615 / SF	6 units / mo.
Neighborhood Towers (<i>For Sale</i>)	1,298	66	18%	\$755 / SF	8 units / mo.
High-Rise (<i>For Sale</i>)	974	0	13%	\$912 / SF	8 units / mo.
Condotel (<i>For Sale</i>)	117	0	1%	\$740 / SF	6 units / mo.
Affordable Land Pads	0	1,684	22%		
Rentals	503	91	8%		
TOTALS	5,655	1,982	100%		

Source: The Concord Group

Overall, the market analysis suggests Treasure Island should be able to support approximately 7,637 housing units, with varied housing types to avoid internal competition and appeal to diverse homebuyers.

Retail Market Conditions

Retail is a crucial component of the DDA, as retail will be essential to the success of the residential project, as well as maximizing job generation potential. Currently, there are almost no retail services on the Island, which has limited its attractiveness as a long-term home to many potential residents. Some level of service retail, such as a grocery store, is necessary to establish Treasure Island as a successful new urban neighborhood. The initial program of service retail includes 58,000 SF, to be subsidized by the development, if required. The complete program of retail and other flexible uses such as food production and recreation facilities could be expanded to up to 353,000 SF, if over time market support makes such development economically feasible.

While Treasure Island's limited vehicular access makes it a difficult site for conventional big-box or mall-style retailing, the site is well-suited for small-scale retail and leisure development, as is proposed in the DDA. To address the access challenges, the Authority has adopted a Transportation Implementation Plan, which proposes significant investments in transportation, including the new ferry terminal, bus service, and improvements to vehicular access to the Island.

The project will have a built-in "captive" market, drawing from the significant residential development proposed as well as the more destination-oriented amenities. On a regional scale, the project occupies a strategic centrally-located position, poised to draw patronage from both the City of San Francisco and the East Bay.

The public planning process and development site analysis suggest that the retail district should be centered at the most accessible and visible location at the southwest corner of the Island, and configured to draw on ferry, bus and vehicular (Bay Bridge) traffic. The DDA's development program for retail space is concentrated and organized as a "Main Street" beginning at the back of Building One, bringing visitors from Ferry Quay/Transit Hub and ending at the entrance of Building Two. Retail offerings should take advantage of the Island's amenities, such as views and waterfront services, to strengthen its draw as a destination, and target the demographics of the Island's residents and visitors.

The market analysis that the development team commissioned from Thomas Consultants suggests sufficient market support for up to approximately 180,000 SF of retail and leisure uses, to be developed in phases, with an additional 30,000 SF in other recreational uses (e.g. health club, kayak and sailing center, etc.). Approximately 75% of the retail market would be drawn from three sources: the on-island residential market (26% of which would be captured by Island retail), Downtown San Francisco market (a 0.44% share going to Island retail), and the remainder of the City's retail market (0.16% share going to Island retail).

Commercial Market Conditions

The remaining significant commercial uses proposed for the Island include lodging and flex retail/office space programmed in both new construction and the adaptive re-use of existing structures on the Island.

Other possible uses for the overall land plan, including more intensive office uses, were considered and a small amount of office uses, 100,000 square feet, was analyzed in the EIR and is allowable under the DDA. However, office was found not to be the highest and best use, given regulatory constraints and the challenging transportation to and from the Island, so construction of this space is not reflected in the Project's pro forma. The commercial program identified in the DDA's Land Use Plan best complements the overall vision for Treasure Island as a residential community and destination centered around an outdoors, active lifestyle.

Lodging

The Authority anticipates that two groups will be the primary users of Treasure Island: its future residents and recreational users. While many recreational users will be San Francisco Bay Area residents, some may be tourists, creating a demand for lodging on the Island. To evaluate the market demand for such a use, TICD commissioned a marketing report from PKF Consulting, a preeminent market research firm in the area of hotels and lodging. PKF examined the demand for 4 different uses:

- A full-service hotel
- A conference center hotel
- Vacation-ownership property
- A boutique hotel on Yerba Buena Island

PKF found support for a mix of lodging opportunities, including a small, 50-unit boutique hotel with spa amenities on Yerba Buena Island. While PKF concluded that full-service hotels are not likely to be economically viable, the DDA's Land Use Plan includes provision for 200 rooms, paired with 117 residences ("Branded Condo") for economic support. Conference hotels were found to be financially infeasible given the location and access constraints of the Island, and to be less consistent with the recreational uses available on the Island.

Adaptive Re-use

In 2008, a number of structures on NSTI were placed on the National Register of Historic Places. These buildings include Buildings 1, 2, and 3 (including Building 111) on Treasure Island, the Senior Officers' Quarters Historic District, Quarters 10 and Building 267, and Building 262 (the Torpedo Storehouse), on Yerba Buena Island. These structures require significant seismic, accessibility and other code upgrades, and interior improvements for beneficial use. Additionally, Tidelands Trust restrictions limit the permissible uses (e.g. residential and normal commercial office uses are generally prohibited), as does the proximity of the Yerba Buena structures to the new eastern span of the Bay Bridge. The DDA's infrastructure budget includes the cost to renovate Building 2 into neighborhood-serving retail. The project pro forma assumes that future uses for other historic structures will be developed, but that the considerable costs of rehabilitating these structures will be borne by the end users of those renovated spaces. Thus, the costs associated with the adaptive reuse of these structures have not been included as an overall project cost. To account for the economic value of these facilities,

the pro forma includes an assumption that the interim income derived from leasing the hangars in their current condition will continue.

Economic Contributions from Open Space, Recreation and Marina Uses

As is typical for similar new open space projects in the region, the open space and recreational uses at Treasure Island are not expected to carry significant user fees that would contribute directly to the financial success of the project. The large amount of open space will be viewed by the larger Bay Area community as a highly positive reuse of NSTI. It will provide varied recreational activities for the residents and visitors, and provide a draw for the users of the proposed hotels, retail and other commercial uses. The presence of on-Island amenities and open space is crucial to the success of the residential, retail, and commercial components of the project.

The Marina revenues and expenses have been drawn from extensive market research and real time data developed by TIE and its marina operator, Almar Management Inc. Almar Management is the West Coast's leading marina operator with marinas in California in Alameda, Oakland, Martinez, Stockton, San Francisco, San Diego, Ventura, Marina del Rey and The Channel Islands, as well as marinas in Honolulu, Hawaii. The slip rates proposed for the Treasure Island Marina are competitive for the market place and represent a fair and reasonable forecast of likely slip rates. The 400-slip Marina will generate revenues that will support the construction of that facility. Similarly, the Marina users are also expected to utilize the commercial and retail services on the Island, contributing to the economic viability of those projects.

B. PROJECT COSTS

INFRASTRUCTURE INVESTMENTS

The infrastructure investments required to support development at Treasure Island are enormous in scale, complexity, and cost. Infrastructure investments are required in seven areas:

- Geotechnical and Seismic Investments
- Utilities
- Transportation and Circulation
- Public Facilities
- Open Space and Recreation
- Demolition
- Remediation

The current conditions of the infrastructure systems, and steps necessary to upgrade those systems to required levels, are described in more detail below. The infrastructure budget, **Table 4**, provides a detailed cost breakdown for the proposed work.

Table 4: Master Development Infrastructure Budget

Infrastructure Costs

Island Stabilization and Geotech Improvements	\$	140,665,000
Utilities (Water, Wastewater, Storm, Dry Utilities)	\$	123,271,000
Transportation Vehicles (Buses, Shuttles)	\$	9,176,000
Parking Garages	\$	29,307,000
Ferry Quay and Terminal	\$	30,044,000
Street Improvements	\$	24,141,000
Public Facilities and Amenities	\$	35,512,000
Service Retail Subsidy	\$	25,000,000
Parks & Open Space	\$	85,728,000
Demolition/Deconstruction	\$	36,751,000
Remediation	\$	45,101,000
Design and Engineering	\$	52,101,000
Fees, Bonds & Permits	\$	15,870,000
Construction Management	\$	21,160,000
Contingency	\$	123,627,000
Total	\$	797,454,000

Geotechnical, Seismic, and Flood Protection

The seismic and geotechnical problems on Treasure Island are extraordinary. Treasure Island and the causeway that connects it to Yerba Buena Island and the Bay Bridge are artificially constructed lands created with non-engineered landfill. The fill was placed over a shoal and a layer of weak, compressible bay mud. The fill is held in place by a series of rock dikes constructed around the perimeter of the island. As a result, unless substantial improvements are made, Treasure Island is expected to perform poorly in the event of a major earthquake on one of the nearby active faults in the Bay Area.

In addition, the Treasure Island is of relatively low elevation, generally 7-14 feet above mean low sea level. While San Francisco County is not currently flood mapped by FEMA, draft maps issued by FEMA in 2009 indicate that portions of the Island are subject to flooding. In addition, sea level rise anticipated over lifetime of the Project will increase flood risks and expose the future development to damage unless it is accounted for. Recognizing this risk, the State of California has mandated that projects plan for potential future sea level rise as part of their development.

Current Geotechnical Conditions

The primary geotechnical and seismic concerns on Treasure Island are soil liquefaction, differential settlement, lateral spreading, and the effects these movements have on the seismic safety of buildings and infrastructure. These issues were first identified in

geotechnical studies prepared in support of the Reuse Plan. Further investigations and analysis by geotechnical engineers done as part of the DDA's Infrastructure Plan are summarized below.

Current conditions are weak in four primary areas:

- Island Interior. The interior of the island was constructed by placing 30 million cubic yards of non-engineered sandy fill over uneven shoal materials. This sandy fill is highly unstable during seismic events. During a major earthquake, the island's land mass could undergo a number of seismic-related changes, including soil liquefaction, lateral spreading, subsidence, and soil consolidation. These seismically induced impacts may damage buildings, roadways, and utility systems and pose a safety concern for those persons living and working on the Island.
- Perimeter Shoreline. The perimeter shoreline is supported by a series of rock dikes that either sit on the Bay bottom or on sand fill, both of which are poor foundation soils that could cause the dikes to be unstable during a major earthquake and shift dramatically or fail. Areas within 500 feet of the shoreline are likely to be the most susceptible to damage, particularly the northwestern corner.
- The Causeway. The causeway is a two-lane road that connects Yerba Buena and Treasure Islands. It is built on Bay Mud with sand fill and protected by rock dikes, similar to the ones that ring the perimeter of the island with the exception that most of the young Bay Mud was removed during construction. Roads and utilities (such as the main water lines) that service Treasure Island run through the causeway. During a seismic event, the causeway could suffer severe damage due to liquefaction, lateral spreading and induced slope failure. Roadway settling could also cause major damage. Since the causeway serves as the "lifeline" to Treasure Island proper, failure of the causeway during a seismic event could threaten lives and cut off utilities, water service, and severely limit access to Treasure Island and Yerba Buena Island.
- Yerba Buena Island Viaduct Structures. The viaduct structures that provide the main source of access from the causeway and Treasure Island to the Bay Bridge pass over eight bridge structures ranging between 65 and 580 feet in length on the western flank of Yerba Buena Island. These structures are vulnerable to collapse in a major seismic event, severely limiting access to both Treasure and Yerba Buena Islands.

Extent of Geotechnical Improvements Required to Support Development

The DDA's Infrastructure Plan describes in detail the significant improvements needed to support redevelopment on Treasure Island. In summary, the following actions are necessary to address each of the weaknesses identified above:

- Create a long-term stable platform. The DDA's Land Use Plan concentrates development along the southern and western sides of the island, where underlying Bay Mud is less deep. These areas will be densified to improve

the sand fill layers to serve as a long-term stable platform for buildings, roads, and utilities. Using established construction techniques such as Deep Dynamic Compaction, which consists of repeatedly dropping a large weight onto the soil and Vibro-Compaction, in which a vibrating probe is repeatedly inserted into the soil, the sand fill would be transformed into dense sands that are no longer susceptible to significant liquefaction and seismic settlement.

- Raise Development Grades. After completion of the densification, which will cause soils to consolidate and lower the Island's elevation, additional fill will be brought in to recover the loss and to build development areas up to beyond the current 100-year flood elevations per FEMA, plus additional fill to accommodate at least 36 inches of sea level rise. The additional fill will add weight to the compressible soils underlying the sand fill; to ensure that this does not trigger additional settlement, in the areas where grades will be raised surcharging will be used. Surcharging is the placement of stockpiled soils to create a load on underlying materials that will, over time, cause existing fills and soils to compress or densify. Surcharging or preloading can be used to consolidate the Young Bay Mud. Depending on the conditions and the desired results, surcharging can take anywhere from several months to several years to complete. The phased approach of construction for the Project would allow for longer-term surcharging to occur in certain areas.
- Stabilize the island's perimeter. The sands underlying the perimeter of the island will also need to be densified (likely by Vibro-Compaction) to minimize deformation of the perimeter in earthquakes as needed. Should additional field and laboratory testing determine that there is a concern of deep-seated stability of the perimeter in the northwest corner, it can be addressed either by placing an additional, temporary fill (known as a surcharge) in order to increase the strength of the young Bay Mud or by using deep soil mixing or jet grout techniques to create vertical soil-cement reinforcing columns within the young Bay Mud. The perimeter would also be raised to account for existing still water levels, plus wind and storm-driven wave run-up, providing an allowance for sea level rise.
- Strengthen the Causeway. The sand fill used to construct the Causeway will need to be densified to provide a reliable access route and minimal damage to lifeline utilities following a major earthquake. Lateral spreading would be mitigated using Deep Dynamic Compaction, Vibro-Compaction or Vibro-Replacement techniques.
- Retrofit the Yerba Buena Island Viaduct Structures. In order to meet a "No Collapse Criteria" established for these structures, all 8 structures will be retrofitted in accordance with Caltrans' "Earthquake Retrofit Guidelines for Bridges." This level of strengthening should provide limited access following a major seismic event; repair and/or replacement may be necessary to resume normal service.

This seismic work is necessary for *any* amount of redevelopment to occur; the level of seismic work is not a function of the density proposed by the Project. Due to the paramount importance of these matters in a seismically-active area, these improvements will take place early in the project and in each phase. Invariably, these are costs the project must bear for an extended period of time prior to realization of offsetting revenues. By the time the first new structures are ready for occupancy on Treasure Island, the infrastructure improvements will provide significantly enhanced life safety and emergency access to residents, workers and visitors.

Utilities

Both Treasure Island and Yerba Buena Island suffer from seriously inadequate utilities infrastructure, almost all of which are outdated, in extremely poor repair, out of compliance with current codes and regulations, and insufficient to support new development.

The condition and adequacy of the utility systems was first evaluated as part of the preparation of the Reuse Plan. As part of the DDA's Infrastructure Plan, those initial assessments were revisited and updated, as described below.

Condition of Existing Wet and Dry Utilities

NSTI's wet utilities (water, wastewater, and storm water systems) are in dire need of repair and upgrade. The water system has two major deficiencies: several storage tanks on Yerba Buena Island violate security and seismic resistance standards and the water distribution system is faulty and outmoded. The wastewater system has significant deficiencies including damaged pipes and inoperable and unreliable pump stations. Many of NSTI's twenty-four storm water drains and six storm water pumping stations need to be reconstructed or replaced.

Similarly, NSTI's dry utilities (natural gas, electricity, and telecommunications) are outdated and in disrepair. The natural gas system is limited to select geographic areas on the Base and parts of the distribution system have leaks that require a significant amount of repair or replacement. The electrical supply and distribution system on both islands is also antiquated and badly in need of repair and upgrading. Most of the system is on poles, and has therefore been exposed for many years to the harsh marine environment. The local telephone network, with approximately 200 lines, does not conform to Pacific Bell standards. Off-site improvements to utility links serving the islands also will be necessary.

Extent of Utility Improvements Required to Support Development

The entire utility infrastructure for Treasure Island must be rebuilt to support new development. Details are provided in the DDA's Infrastructure Plan. A brief summary is provided below.

- Wet Utilities. The DDA's Infrastructure Plan includes new wet utility systems for Treasure Island, including new water tanks on Yerba Buena Island, new trunk lines throughout both islands, a new secondary/emergency water line on the new Eastern Span of the Bay Bridge linked to the East Bay Municipal Utility District water system, an

entirely new wastewater collection and treatment system, and a new storm water drainage and treatment system, which will include a storm water treatment wetland for treatment before discharge to the Bay. The pro forma does not include the approximately \$80-100 million of hard and soft costs required to construct the new wastewater treatment plant, as it assumes that the facility will be financed separately with revenues from user fees.

- Dry Utilities. An entirely new dry utility network will be constructed for Treasure Island, including new electrical, gas and telecommunications lines. In addition, the submarine electrical feeds from the East Bay to the islands have been replaced and increased in capacity to accommodate the new development, and the submarine gas supply line from the East Bay will be replaced in portion as part of the construction of the new Eastern Span of the Bay Bridge. The costs of these submarine utility lines are not included in the pro forma.
- Backbone Infrastructure and Street Network. The backbone utility systems and street network on Treasure Island, which includes the causeway between Treasure Island and Yerba Buena Island, will be engineered and constructed to enable the utility systems to withstand a major seismic event.

The DDA's Infrastructure Plan and the infrastructure budget provide details of the estimated costs to construct the utilities and associated infrastructure.

Transportation and Circulation

Although the islands are centrally located within the San Francisco Bay Area, access is hindered by unsafe and outdated approaches on and off the Bay Bridge, as well as some of the region's heaviest and most unrelenting traffic. Regional access to both islands is currently provided by the Bay Bridge, which at the present time is operating at capacity throughout an extended commuting period. Vehicle access is therefore very constrained through most of the day.

Condition of Existing Transportation Network

NSTI's transportation network includes three areas – access ramps, roadways, and public transportation. The current condition of each area is as follows:

- Access Ramps. The existing westbound and eastbound ramps on Yerba Buena Island, which are owned by the Navy, have substandard geometrics, with merge distances ranging between 50 and 100 feet, well below Caltrans' standard of 600 feet. Making ramp improvements to better accommodate traffic would require substantial investment in new ramp structures and roadways leading to the ramps. Certain approaches to the Bay Bridge would be extremely difficult to reconfigure in place because of slope and bridge constraints.
- Roadways. Roadways will need to be improved and supplemented to accommodate new development. The existing network of roads and

arterials suffers from years of neglect and deferred maintenance. Large cracks and potholes can be seen along many roadways. In addition, many roadways, curbs, and sidewalks have become uneven as the Island's soil has settled over time. Also, as previously mentioned, the causeway will need to be stabilized, which may include significant improvement to the roadbed, as well as the Viaducts on Yerba Buena Island

- Public Transportation. San Francisco Municipal Railway ("MUNI") currently operates the only public transit service to NSTI. MUNI provides seven-day service between the island and the Transbay Terminal (located in downtown San Francisco) between the hours of 6 a.m. to midnight. Buses run approximately every forty minutes.

Extent of Transportation Improvements Required to Support Development

Transportation access and roadway improvements are critical to the reuse and development of NSTI. In order to achieve a sustainable transportation system given NSTI's severe access constraints, the transportation program is one of the most complex and challenging elements of the DDA's Land Use Plan. The Transportation Implementation Plan provides in-depth analysis of the issues and proposed transportation measures. The overarching goal of the Transportation Implementation Plan is to limit traffic through a combination of enhanced transit services and traffic demand management programs:

- Transit Services: Ferry. Ferry service will be a key element for providing access to and from Treasure Island. Initial ferry service is planned between a new Ferry Quay on the western shore of Treasure Island and the Ferry Building in San Francisco. It is projected that ferries will provide service between Treasure Island and San Francisco at approximately 15-20 minute intervals during peak use at full build-out.
- Transit Services: Bus. In addition to the ferry service, the Ferry Quay/Transit Hub will offer regular bus service to and from San Francisco and the East Bay. The San Francisco bus service is currently planned to provide connections to the Transbay Terminal and a second location, currently proposed as the Civic Center and to be determined working in conjunction with MUNI, at 5 and 13 minute intervals respectively during peak periods. Bus service to the East Bay is anticipated to be provided by AC Transit to one of the downtown Oakland BART Stations.
- Transit Services: Intra-Island Shuttle. The Transportation Implementation Plan also provides for free on-island shuttle service. The shuttle routes will serve residential, commercial and open space areas on both islands. Each route will provide connections to bus and ferry service, and will make frequent stops to maximize passenger access and convenience.
- Traffic Demand Management Tools: Congestion Pricing. Residents driving on or off Treasure Island during peak periods will incur a congestion pricing charge as a disincentive for automobile use, to increase competitiveness and attractiveness of transit, to mitigate the impact of cars on the Bay Bridge, and to provide an additional source of funding for

transit service. The Treasure Island Transportation Management Agency (TITMA), discussed below, will have the authority to adjust the times and amounts of the congestion pricing charge. The program will be monitored on a regular basis and changes will be made as required to meet the overall objectives of the Transportation Implementation Plan. In order to create a reliable and self-sufficient transportation program, the revenues generated by this mechanism will be used to fund transit operations serving the islands.

- Traffic Demand Management Tools: Ramp Metering. Ramp metering is proposed to be established at the entrances to the Bay Bridge from the Yerba Buena Island ramps and will operate during periods of congestion to manage ramp volumes. Capital for equipment needed to implement ramp metering is included in the budget for the new ramps being constructed, which are primarily being paid for with State and Federal funds, although the project is contributing \$10 million towards the ramps construction.
- Traffic Demand Management Tools: Parking Policies. The Transportation Implementation Plan requires effective parking management to limit the supply of parking on Treasure Island to the minimum level necessary for a financially and socially viable project and to manage the demand for that parking. The set of policies described in the Transportation Implementation Plan is intended to allow the use of automobiles by Treasure Island's residents, but to de-prioritize the automobile over other transportation modes. Parking policies include separate charges for residential parking and congregated parking near the urban core. In order to create a reliable and self-sufficient transportation program, the commercial parking revenues will be used to fund transit operations serving the islands.

To be successful in managing traffic demand, policies and approaches described above may need to adjust over time. The Transportation Implementation Plan has been designed to be flexible to meet the needs of changing circumstances, alter costs and fee structures as necessary to achieve program objectives, and effectively direct available resources to transit services to and from Treasure Island. The Transportation Implementation Plan contemplates that the TITMA, authorized by State legislation, will be created to achieve these goals through a combination of monitoring and fee-setting activities.

Public Facilities

As NSTI is developed, public facilities to support the growing population base will need to be established. Building a new community on Treasure Island requires building the physical infrastructure necessary to fulfill public safety and operational needs, provide social services and programs, and create social linkages across different backgrounds, income levels and age groups. A key principal of the DDA's Land Use Plan is to ensure that the building blocks to create a successful community are put in place from the very beginning of the development through its completion and beyond.

Condition of Existing Public Facilities

Besides the vital public safety facilities, NSTI is severely lacking in public facilities. Although a fire station is located on the island, it is currently housed in a substandard facility on the northern end of the Island. A police substation is housed in Building 1. The Treasure Island School is closed due to inadequate attendance. The limited public facilities do not adequately serve the approximately 2,500 residents and visitors on the islands, and any new development will have to develop a program of public facilities suitable to healthy and safe living.

Extent of Public Facility Improvements Required to Support Development

The DDA sets forth a number of obligations to support community facilities on the Island, including the following components:

- Community facilities, such as a joint use police and fire station, a sailing center, an environmental education center and support space for TIHDI.
- Key “community-building” spaces, including the neighborhood serving retail area at the Island Center, a main Treasure Island community center, retention of the Treasure Island chapel, space for the Treasure Island Museum, a neighborhood reading room/library, space for adult and senior service programs, youth centers, community information boards, and community gardens.
- Educational facilities, including plans to reopen the currently-closed Treasure Island school, provide new and expanded child care space, including opportunities for both center-based and family-based care, retention of the Delancey Street Life Learning Academy, and substantial recreational amenities as part of the open space program.

Open Space and Recreation

Condition of Existing Open Space and Recreational Facilities

As it exists today, NSTI is largely covered by under-used roads and mostly-abandoned buildings. There are a handful of fields, which are utilized for baseball, rugby and other sports. A sailing center is housed near Pier One and provides a fairly robust sailing program to new and experienced sailors. Windsurfers also launch from the eastern shoreline of Treasure Island. The Treasure Island Marina operates in Clipper Cove and has approximately 100 boat slips. Yerba Buena Island has a limited amount of unmaintained hiking trails and parks at the top of the island. Overall, given the amount of space on NSTI, its central location in the Bay, and plentiful water access, the islands are underutilized for open space and recreation. The main factors contributing to this deficiency are the preponderance of abandoned buildings, limited contiguous or user-friendly recreation space, and a lack of proper programming due to the transitional nature of the closed Base.

Extent of Improvements to Open Space Required to Support Development

The redevelopment of Treasure Island will create approximately 300 acres of new parks, open space and recreational amenities that will benefit San Franciscans and other Bay Area residents. Treasure Island's open space and parks program creates an opportunity

to fill a huge need for active recreation facilities in San Francisco. Little league, soccer clubs, lacrosse teams, schools and other youth as well as adult programs suffer from a profound shortage of active recreation areas and many that do exist are poorly maintained, posing a risk to the players. The open space elements of the DDA's Land Use Plan are designed to effectively program this new park land with a variety of active and passive uses.

Demolition

Condition of Existing Improvements

With the exception of the historic structures, almost all existing structures, pavement and landscaped areas on Treasure Island and existing structures on Yerba Buena Island are in disrepair and unsuitable for rehabilitation.

Extent of Demolition Required to Support Development

The DDA's Infrastructure Plan provides details on the extent of demolition and deconstruction required to implement the DDA's Land Use. Approximately 1.8 million square feet of warehouse and office space, 2.2 million square feet of residential uses and 16 million square feet of pavement and landscaped areas will have to be abated, deconstructed, demolished and disposed. This will be carried out in a phased manner in accordance with the timing of infrastructure construction and vertical development.

Remediation

Environmental remediation will be necessary to support the DDA's Land Use Plan. The contamination at Treasure Island is generally consistent with its primary use as an administrative and residential military facility.

Existing Condition and Navy's Remediation

Various contamination sites are spread across Treasure Island and Yerba Buena Island. Soil contamination is generally related to fuel storage and fueling operations, fire training activities, aboveground storage tanks and underground storage tanks (USTs), pipelines, debris disposal areas, an ammunition storage area, a firing range, a skeet range, miscellaneous storage areas, and laundry, dry cleaning, and x-ray development activities. The soil beneath the on- and off-ramps to the Bay Bridge is contaminated with lead from lead-based paint. In addition, the groundwater at Treasure Island has areas of contamination. Environmental investigations and cleanup began on NSTI in the mid-1980s and continues today. The Navy's remediation efforts consist of two programs: the CERCLA Program and the Petroleum Program. The Navy has ongoing plans for additional cleanup. These remedial actions are designed to protect human health and the environment, and are intended to be consistent with the land uses proposed in the 1996 Draft Reuse Plan.

Extent of Additional Remediation Required to Support Development

The DDA's Land Use Plan currently proposed for NSTI cannot be implemented without environmental remediation as required by Federal and State regulatory authorities. The DDA's Infrastructure Plan includes completing certain environmental remediation beyond that which the Navy is legally required to perform under Federal law, but is

necessary to implement the DDA's Land Use Plan under applicable State and local laws and regulations. The scope of this remediation includes work triggered by the proposed demolition (i.e. abatement of lead-based paint and asbestos found in the buildings being demolished, as well as remediation of the soils located under those buildings) as well as additional work needed to bring water, soil, and air quality remediation up to residential standards.

MISCELLANEOUS DEVELOPMENT COSTS

In addition to the traditional forms of public infrastructure investments that the project will provide, the DDA approved by the Authority Board of Directors and the City and County of San Francisco Board of Supervisors includes requirements for public benefits and programs consistent with other comparable public/private development projects in the City, such as Mission Bay, Hunters Point Shipyard/Candlestick Point and the Transbay Terminal. These requirements generally fall into two cost categories, described below.

Affordable Housing

Housing, particularly below-market rate housing, is vitally needed in San Francisco. Historically, in accordance with California Redevelopment Law, major public/private redevelopment projects in the City incorporate below-market rate housing components. The Mission Bay, Hunters Point Shipyard/Candlestick Point and Transbay Terminal projects are required to include approximately 30-35% of the total residential units as below-market rate units. At Treasure Island, the Board of Supervisors initially required that 30% of all homes be offered at below-market rates affordable to a spectrum of household incomes and household types (i.e. singles, couples, and families).

In 2011, state-level discussions began on whether to cease all redevelopment activities in the State of California, or to restructure redevelopment to provide significantly more funding for the State and less for local redevelopment. In light of those discussions, the Authority and City elected not to form a redevelopment project area on Treasure Island, and instead to finance the base re-use using another tax increment financing mechanism: Infrastructure Financing Districts, authorized by State legislation. This financing mechanism is explained in more detail in Section D, below.

One consequence of this shift is that Infrastructure Financing Districts generate less tax increment than tax increment financing under California Community Redevelopment Law (CCRL), reducing the public funds available to the project. Infrastructure Financing Districts also have limitations on how tax increment can be used to pay for affordable housing. In light of this, the Authority and the City agreed to reduce the minimum amount of affordable housing to 25% of the total permitted 8,000 residential units, but included conditions that would increase this amount to 30% if available tax increment were to increase back to historic levels under California Redevelopment Law.

Based on a total of 7,637 homes in the EDC pro forma, 1,982 new affordable housing units will be created through the redevelopment of Treasure Island and made available at below-market rates affordable to a range of income levels (a total of 26% affordable

housing). The Authority and TICD have worked closely with the Treasure Island Homeless Development Initiative (TIHDI), a nationally-recognized supportive housing consortium, and the Mayor's Office of Housing to develop the affordable housing program set forth in the DDA's Housing Plan. Under that plan, the affordable housing on Treasure Island will be delivered in three ways:

- Treasure Island Homeless Development Initiative. TIHDI will develop and operate approximately 435 new housing units, an increase of 185 units over their current portfolio. The number of units set aside for TIHDI was fixed by formula in the 1996 TIHDI Agreement that was subsequently approved by HUD. The Amended and Restated TIHDI Agreement, approved by the Authority Board along with the DDA, affirmed these unit counts and provided a process for allocating land and funding to TIHDI. The TIHDI units will be affordable at very-very low or no income levels and are set-aside for formerly homeless individuals and families.
- Authority Units. The Authority will partner with local affordable housing builders to construct approximately 1,249 homes. The Authority will determine the final tenure split, affordability levels and other characteristics of these homes, but it is expected that these units will serve the income levels between the TIHDI units and the Inclusionary units with an average affordability range of 50 percent of Area Median Income ("AMI"). The Authority Units will also include housing for transitioning households, discussed in the next section.
- Inclusionary Units. Inclusionary units are typical for all new projects in San Francisco. TICD and other third party market rate builders will be required to provide 5% of all market rate homes (approximately 298 units) as inclusionary affordable units. Rental units will generally be priced for households earning no more than 60% of AMI and for-sale units will be priced for households earning an average of 100% of AMI.

The affordable housing units will be phased in with new development such that at each major phase of the project approximately twenty-five percent of all units are affordable. The affordable units will be generally distributed throughout the various residential areas and across product types. The anticipated gap financing to the project of providing the affordable housing program is approximately \$99 million.

Transition Plan

San Francisco's prolonged housing shortage has created an environment that makes it difficult for the City's residents to find and locate housing within their means. The Board of Supervisors, in approving the DDA, required that the project include a commitment to avoid displacement of any residents of the Island who are residing on Treasure Island as of the date of the execution of the DDA, and who wish to remain. These requirements are similar to the State relocation requirements that might otherwise apply to the project.

Accordingly, the Authority as part of the final entitlement actions adopted guidelines that will provide a procedure by which current residents will be transitioned into the new housing with minimal financial impact to that household. The Board of

Supervisors has directed that the guidelines provide that all eligible households (i.e. households who were residing on NSTI at the time of DDA execution and are tenants in good standing at the time of demolition) will be offered a new unit on NSTI at a price equal to the lesser of 30% of their gross monthly income or their current rent, subject to limited annual increases. Tenants will also be offered the opportunity to purchase a unit with down payment assistance, rather than rent one. Consistent with existing citywide regulations, tenants will also be offered a payment in lieu of transition benefits on-island should they choose to leave Treasure Island.

There are costs associated with reducing rents from market rate to current rents, or lower depending on household income, for the approximately 400 occupied market rate units that will be available for occupancy at the time the DDA is signed. To mitigate this cost, the Authority intends to dedicate a small portion of the Authority Housing units for existing transitioning households.

MARINA REDEVELOPMENT

The existing 108-slip Marina is structurally inadequate to support additional slips or the long-term continuation of those existing slips. The existing slips must be replaced in their entirety if the Marina is to have any economically viable use in the future. The Marina Project allows for 400 new slips to be built replacing the existing 108 slips, creating a revenue source that can support the construction of the new facility while providing the marina developer, TIE, a reasonable return on its investment that is consistent with the industry standards.

A **15-year Cash Flow** for the Marina's renovation and expansion is included as **Table 6**.

ADDITIONAL DEVELOPMENT COSTS NOT INCLUDED IN PROJECT CASH FLOW

As described in this Application, the redevelopment of Treasure Island is a massive undertaking that requires extensive infrastructure improvements, new utilities and renovation of existing historic structures. While most of this work has been described in the preceding section and the associated costs included in the project economics that will be described subsequently, there are several improvements and costs that are not included in this project pro forma but are integral to the success of the overall development project. These include:

- On-site Wastewater Treatment Plant. As described earlier, a new wastewater and recycled water treatment plant will be constructed on Treasure Island to serve the redevelopment project. The costs of this facility are estimated at approximately \$80-100 million. The costs of this facility are not included in the project pro forma, as the San Francisco Public Utilities Commission is anticipated to publicly finance the facility utilizing user fees from the facility itself and other enterprise sources.
- New Ramps Connecting to the New East Span of the Bay Bridge. As described previously, the City is working with the California Department of Transportation ("Caltrans") to design new ramps that would connect

Yerba Buena Island to the new eastern span of the Bay Bridge on the east side of the Yerba Buena Island tunnel. These ramps are necessary to improve ramps that are currently unsafe and provide insufficient capacity for the future development. Despite the fact that the existing ramps are owned by the Navy rather than Caltrans, the cost of these new ramps has not been included in the infrastructure costs. The project pro forma includes a \$10 million contribution towards these ramps, but the bulk of the approximately \$150 million cost will be covered by State and Federal transportation funds.

- Off-Site Utilities. The utility lines (primarily electrical and water) that provide utility service to the island from either San Francisco or Oakland are in many cases either in need of replacement, due to age or insufficient capacity, or will need to be relocated due to issues with the local conditions (e.g., the above ground electrical lines running through Port of Oakland property). No funds are included in the pro forma for these improvements or for the expanded submarine power cables between Oakland and the islands - it is assumed that other financing sources will be identified to fund these improvements.
- Job Program and Training Funds. The Development Plan includes a comprehensive Jobs and Equal Opportunity Program component that will target jobs for formerly homeless (an element of satisfying the Base Closure Act requirements) and other San Francisco citizens most in need. The plan anticipates a job broker system, job training and placement programs, and other elements that will require funding, and allocates approximate \$3.8 million toward this effort. However, it is anticipated that additional financing sources will be needed to fund these programs.

C. PROJECT PHASING

The DDA focuses on the “horizontal,” or “land,” development of Treasure Island. In this context, horizontal development means that TICD is responsible for all of the planning and entitlements for the Project and then is obligated to transform the land that currently exists at NSTI with new infrastructure, including new streets, sidewalks, parks, utilities and public, community and transportation facilities – ultimately creating developable “pads” for the “vertical” construction of buildings. In return, TICD will have the right to sell or lease this improved land for the uses permitted under the DDA’s Land Use Plan. The buyers of these developable pads would then separately build the individual vertical buildings themselves. The complete build out of the Development Plan is anticipated to occur over approximately 17 years.

The DDA’s Phasing Plan is designed to achieve a number of objectives, including (i) retaining the existing housing for as long as reasonably possible to avoid housing interruption and to ensure sufficient new housing for transition of existing resident households, (ii) creating a vibrant new community by delivering community benefits as early in the project as economically feasible, (iii) retaining the ability to adjust project

phases to respond to market conditions, cost and availability of financing, and (iv) achieving financial feasibility.

The DDA's Phasing Plan anticipates that the project will be built in four major phases that are tiered off of each other. These phases are conceptually illustrated in the DDA's Phasing Plan, but will be subject to further refinement as project planning proceeds.

Because of the seismic and infrastructure challenges posed by NSTI, costs to prepare the land and infrastructure are disproportionately weighted towards the beginning of the project long before land sale revenues and public financing proceeds are available.

- Phase 1. The first major phase consists of significant portions of the horizontal infrastructure improvements described above and preparing land in the island core of Treasure Island for vertical development. In this first phase, construction will commence on the seismic reinforcement of the development area, the perimeter of Treasure Island and the reinforcement of the causeway and viaduct structures on Yerba Buena Island. The backbone infrastructure systems, as well as a significant portion of the distribution network, will be put in place in this phase, including on-island and off-site utility improvements necessary to ensure reliable delivery of energy, water and other resources. The Ferry Quay will be constructed and Building 1 will be adapted for various community and visitor uses. The initial phase of retail will be developed in Buildings 1 and 2. Open space improvements in this phase include neighborhood parks, the waterfront promenade along Clipper Cove, portions of the Eastside Commons, initial Urban Farm improvements, the Cityside Park south on the western shoreline and the Yerba Buena Island hilltop park. All of the redevelopment of Yerba Buena Island will occur in this phase, including the residential units and the wellness center lodging facility.
- Phase 2. The second phase of the development will move east and west from the first phase, preparing land in the eastern neighborhood for development and extending the Cityside neighborhood. Additional horizontal infrastructure improvements in this phase include ground seismic improvements, extensions of wet and dry utilities and streets, and construction of a wastewater and recycled water treatment facility. Open space improvements in this phase include the waterfront promenade along Clipper Cove, the Eastside Commons, portions of the Eastern Shoreline Park, and extension of the Cityside Park.
- Phase 3. The third phase of the development will complete the eastern neighborhood and develop the portion of the Cityside neighborhood immediately to the south of the school. Additional horizontal infrastructure improvements in this phase include ground seismic improvements and utility and street extensions. Open space improvements in this phase include completion of the Eastside Commons and Eastern Shoreline Park, and additional improvements to the Urban Farm.
- Phase 4. The final phase of the development takes place in the northwestern portion of Treasure Island following demolition of the

existing homes. Key horizontal infrastructure improvements include preparing the final parcels of land for seismic strengthening and extensions of the remaining utilities and streets. The balance of the open space program would be completed in this phase including the balance of the Urban Farm, the Great Park, the Sports Park, the perimeter trail and open spaces, and the final phase of the stormwater wetlands.

The Marina Project will be built in two phases, occurring in Phases One and Two of the master development schedule. The first phase will include basic infrastructure necessary to support the new 400 slip Marina and the construction of approximately 250 new slips and the breakwater/wave attenuator. During the first phase, the existing 108 slips will continue to be in use. The existing slips will be phased out during the second phase, which will include the demolition of the existing 108 slips and the construction of approximately 150 new slips in their place.

D. PROPOSED FINANCING STRATEGY

The magnitude of the up-front costs necessary to develop Treasure Island presents one of the project's greatest challenges, and one that will require a concerted financing effort by both the public and private sectors.

PRIVATE CAPITAL

Approximately \$655 million of private equity will be necessary to support the redevelopment effort. All of the work associated with the planning and pre-development for the project to support the entitlement process has been funded with private capital. In addition, substantial private capital is required to fund infrastructure development, land preparation and other improvements necessary for redevelopment, much of which must be constructed prior to the availability of the project-generated public financing. Private capital will also provide additional subsidies to the project, most notably funds to be used to help subsidize the proposed affordable housing on NSTI.

Approximately \$245 million of private capital is projected to be spent on the project before the revenues are sufficient to begin reducing the required capital invested. The private capital investment is not expected to reach break even until 2017.

PUBLIC FINANCING

The Authority will commit all net lease revenues generated from NSTI, plus over \$870 million in tax-exempt public financing, towards the capital costs of the project. This includes both current revenues, obtained by leasing out the existing housing and the public facilities leases, and future tax revenues capitalized using project-generated public financing tools, which are as follows:

- Mello Roos Bonds. This financing mechanism imposes a special tax on top of the property owners' regular annual property tax bills. The proceeds from this additional special tax is used to retire debt service from bonds that can be issued upfront to cover the costs of eligible public infrastructure, such as utilities, roads, geotechnical improvements and development of open space. Based on the overall value of the proposed development, Mello Roos Bond proceeds are expected to total approximately \$410 million at Treasure Island.
- IFD Tax Increment Financing. As noted above, historically the project assumed to use tax increment financing generated under CCRL, which enables 60% of the total new property taxes to be used for infrastructure and an additional 20% for affordable housing. However, in 2011, the State Legislature considered a number of proposals (and ultimately adopted one) that would dramatically reduce the amount of funding available under CCRL. In light of these changes, the Authority and City elected to use another tax increment financing vehicle, Infrastructure Financing Districts (IFDs). State law enables jurisdictions to create IFDs and dedicate all or a portion of the local share of new property taxes generated within that district to the construction of infrastructure within the District. The percentage of property taxes available to a district varies from jurisdiction to jurisdiction; in San Francisco, the available property tax dollars for infrastructure and housing combined were approximately 57%.

IFD and redevelopment tax increments are otherwise similar, providing a stream of net new property tax revenues generated by the new development that can be bonded against and used for eligible capital infrastructure improvements. Overall, it is estimated that approximately \$460million will be available from tax increment financing.

Without this substantial contribution of local tax revenues, no project would be feasible and the Navy would not receive any consideration for transfer of the Property.

IMPLEMENTATION OF FINANCING PLAN

The DDA includes a Financing Plan that explains the project's basic economics and general financing concepts describes the basic financial transaction structure, and conforms the Project's financial distributions to the requirements of the EDC MOA. The City conducted separate analysis to evaluate the overall financial feasibility of the Development Plan and the fiscal impacts of the project on the City generally.

After the Master Developer completes the horizontal development for each phase of development and the improved land is subdivided into marketable lots or blocks, much of the remaining land will be transferred back to the Authority or TIHDI for affordable housing development, or will be retained by the Authority and/or dedicated to the City for streets, open space, community facilities and other public uses, all at no cost to the Authority, the City or TIHDI. The remaining finished parcels that are slated for private development under the DDA's Housing Plan will be sold for vertical development.

E. PROPERTY VALUATION

The Authority commissioned an independent appraisal of the fair market value of NSTI based on the DDA's Land Use Plan, which was prepared by KPMG and which has been separately provided to the Navy. KPMG's appraisal concluded a fair market value of \$22 million for the fee simple interest of NSTI assuming completion of the Navy's remedial action in accordance with the 1996 Reuse Plan.

PROPOSED CONSIDERATION

Please refer to Section VI for a detailed description of Proposed Consideration to the Navy for the conveyance of NSTI. The Proposed Consideration is comprised of an Initial Consideration of \$55 million and Additional Considerations of another \$50 million and 35% of project cashflow upon achievement of certain investment returns to the Master Developer.

Table 5: Master Development Discounted Projected Cash Flow

PLEASE SEE THE FOLLOWING FOUR PAGES

Exhibit S - Summary Proforma

	Total										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Residential For Sale - Market Rate	5,035	385	275	453	344	368	429	582	428	267	
Residential For Sale - Affordable	207	18	16	25	17	12	18	9	23	15	
Residential For Rent - Market Rate	503	-	43	112	107	-	85	-	-	156	
Residential For Rent - Afford Incl	91	-	8	20	19	-	15	-	-	29	
Branded Condo	117	-	-	-	-	-	-	-	-	-	
TIDA/THDI⁽¹⁾	1,684	137	612	72	267	-	175	65	-	164	
<i>Subtotal</i>	<i>7,637</i>	<i>540</i>	<i>954</i>	<i>682</i>	<i>754</i>	<i>380</i>	<i>722</i>	<i>656</i>	<i>451</i>	<i>631</i>	
Commercial Square Feet	352,591	-	65,329	-	-	-	-	-	137,036	-	
Hotel Rooms	250	-	-	-	-	50	-	200	-	-	
REVENUES											
Residential For Sale - Market Rate	462,010,022	76,840,726	32,911,085	64,270,211	40,380,073	21,577,181	62,329,018	26,717,425	37,092,535	16,987,559	
Residential For Sale - Affordable Inclusionary	(58,361,213)	(3,913,275)	(3,576,516)	(7,549,409)	(3,933,991)	(4,289,126)	(5,509,572)	(2,082,701)	(6,834,650)	(5,151,381)	
Residential For Rent - Market Rate	50,300,000	-	4,300,000	11,200,000	10,700,000	-	8,500,000	-	-	15,600,000	
Residential For Rent - Affordable Inclusionary	(14,560,000)	-	(1,280,000)	(3,200,000)	(3,040,000)	-	(2,400,000)	-	-	(4,640,000)	
Commercial Acreage Sales	17,500,000	-	-	-	-	2,500,000	-	-	-	-	
Branded Condo	23,400,000	-	-	-	-	-	-	-	-	-	
THDI / TIDA	75,317,653	8,590,610	8,535,416	8,535,416	8,535,416	6,401,562	6,401,562	6,401,562	4,267,708	2,133,854	
Rental Revenues from Existing Buildings / Units	33,522,032	-	2,121,464	1,574,961	3,227,286	2,267,223	2,218,351	3,043,879	4,023,264	2,600,771	
Marketing Revenue From Builders	589,128,494	82,040,434	43,011,448	74,831,180	55,868,784	28,456,839	71,539,358	34,080,165	38,548,857	27,530,803	
Total Revenues Before Inflation	765,763,945	24,983,973	28,221,809	64,752,684	44,703,934	45,795,763	68,223,698	101,358,772	60,675,070	45,776,901	
Plus: Inflation	1,354,891,539	8,683,393	71,233,257	139,583,864	100,572,718	74,252,603	139,763,056	135,438,936	99,223,927	73,307,704	
Total Revenues											
COSTS											
Initial Consideration	67,375,000	7,975,000	7,700,000	7,425,000	7,150,000	6,875,000	6,600,000	6,325,000	6,050,000	5,775,000	
Additional Consideration	50,000,000	-	-	-	-	-	-	-	-	-	
Total Land Costs	117,375,000	7,975,000	7,700,000	7,425,000	7,150,000	6,875,000	6,600,000	6,325,000	6,050,000	5,775,000	
Hard Costs											
Site Closure Oversight & Insurance	8,000,000	1,969,136	537,037,037	512,345,679	586,419,753	592,592,592	11,697,553,086	64,506,172,84	151,234,5679	925,925,925	
Historic Building 2 Grocery/Retail	25,000,000	-	-	11,458,333	12,500,000	1,041,667	-	-	-	-	
Fees, Bonds, Permits	15,870,164	2,057,424	1,522,653	1,575,219	1,142,819	1,086,781	1,784,614	1,424,466	932,506	469,865	
Site Development, incl. Cleanup & Ramps/Viaduct	227,291,440	34,657,303	20,345,407	13,315,414	10,553,299	14,216,283	34,923,238	28,903,126	17,745,793	5,108,485	
Transportation, Ferry Terminal & Parking Garage	68,526,713	-	5,682,675	10,316,610	10,891,674	1,827,471	83,619	924,175	223,201	374,737	
Infrastructure, Landscape, Police/Fire, Water Tanks	245,628,952	34,318,563	31,135,860	30,630,729	16,830,498	19,644,357	23,310,992	17,733,992	15,421,233	10,749,222	
Construction Management	21,160,219	2,234,418	2,030,204	2,100,292	1,523,759	1,449,042	2,379,485	1,899,288	1,243,342	626,486	
Engineering and Other Fees	49,590,482	6,276,600	5,109,495	3,750,754	3,563,345	5,831,738	4,683,713	3,093,231	1,565,290	2,889,348	
Contingency	123,125,268	9,159,459	10,551,493	11,986,711	12,914,777	14,318,721	15,016,989	10,779,835	6,964,937	3,929,571	
Total Hard Costs	784,193,237	77,040,086	90,683,922	85,646,408	70,506,591	60,008,652	83,351,933	65,403,174	44,247,537	24,156,973	
Sales & Marketing											
Closing Costs	37,148,317	2,928,863	1,804,069	3,865,597	2,640,199	1,945,236	3,907,729	3,748,868	2,704,391	2,043,877	
Residential Marketing	35,082,356	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	
Total Sales & Marketing	72,230,673	6,118,168	4,993,374	7,054,902	5,829,504	5,134,541	7,097,034	6,938,173	5,893,696	5,233,182	
Planning And Entitlements - Pre Acq./Land	98,725,105	-	-	-	-	-	-	-	-	-	
Affordable Housing Subsidy	98,962,500	750,000	12,036,218	13,611,454	9,375,920	10,085,833	8,994,325	7,714,583	7,409,792	4,000,000	
Transportation Operating Subsidy	38,200,494	-	-	3,666,667	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	
Parks and Open Space Maintenance Subsidy	17,469,553	-	1,375,000	1,500,000	1,500,000	2,875,000	3,000,000	3,000,000	3,000,000	1,138,757	
School & Community Facilities	21,512,029	-	1,145,833	1,250,000	1,250,000	1,250,000	6,886,922	1,762,447	1,250,000	1,250,000	
Existing Rental Operating Expenses	40,652,583	4,866,604	5,159,023	4,537,327	4,537,327	3,402,995	3,402,995	3,402,995	2,268,663	1,134,332	
TIDA Admin/THDI Job Broker	36,700,605	2,016,667	2,200,000	2,291,667	2,300,000	2,483,333	2,497,783	2,585,004	2,500,000	2,500,000	
Property Taxes	25,285,563	666,614	1,500,812	2,197,920	2,662,949	2,638,188	2,749,783	2,585,004	2,401,776	2,009,768	
G&A	8,458,333	458,333	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
Project Management Fee	22,535,797	2,252,128	2,234,034	2,210,272	1,722,605	1,722,605	2,465,465	1,942,743	1,322,889	724,431	
Soft Cost Contingency	19,093,500	621,429	826,642	986,299	3,572,378	1,524,022	1,165,458	1,119,747	1,083,409	1,008,487	
Sub-Total	427,596,065	109,606,881	13,608,847	15,268,080	35,656,713	29,800,690	35,664,948	30,898,770	26,041,321	21,675,567	

Exhibit S - Summary Proforma

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total										
Total Costs Before Inflation	1,401,394,974	1,183,853,937	1,029,966,278	1,333,772,907	1,191,142,808	1,018,181,884	1,327,713,916	1,095,565,117	82,232,553	56,840,722
Plus: Inflation	123,845,387	3,441,379	4,781,061	7,124,444	7,570,680	9,046,295	15,151,927	13,855,571	11,295,326	7,982,161
Total Costs	1,525,240,361	1,518,295,316	1,077,747,339	1,408,897,352	1,267,713,488	1,108,665,179	1,478,665,842	1,234,200,688	93,525,880	64,822,883
CASH FLOW BEFORE FINANCING	(170,348,822)	(14,802,909)	(36,514,082)	(1,313,488)	(26,140,770)	(36,612,576)	(8,102,786)	12,018,248	5,698,047	8,484,821
LAND SECURED TAX EXEMPT FINANCING										
CFD / Mello Roos Bonds	414,617,650	21,662,071	24,539,090	20,295,812	45,063,018	117,641,997	92,155,536	53,878,084	39,382,042	-
Tax Increment (After Debt Service)	451,734,370	-	-	6,186,580	4,010,960	25,484,800	21,506,420	34,591,815	33,185,635	35,946,600
Surplus Tax Increment Revenue	5,635,860	-	-	(15,300)	54,598	45,692	223,474	230,927	353,246	392,116
CFD Remainder Tax for Project Costs, net of O&M Subsid	20,634,302	-	-	-	-	893,503	-	-	-	-
Annual Special Taxes	(18,054,972)	(105,000)	-	-	-	-	-	-	-	(6,706,436)
Total Public Financing	874,568,284	21,560,071	24,539,090	26,467,092	49,128,576	144,065,992	113,885,430	88,700,825	72,918,922	29,632,280
CASHFLOW AFTER PUBLIC FINANCING	704,219,462	(184,445,549)	(11,974,991)	25,153,604	22,987,805	107,453,416	105,782,644	100,719,073	78,616,969	38,117,100

(1) Number of units can be increased per Housing Plan Sections 3 and 9.

	Total										
	2022	2023	2024	2025	2026	2027	2028	2029			
Residential For Sale - Market Rate	5,035	302	395	557	250	-	-	-	-	-	-
Residential For Sale - Affordable	207	15	23	16	-	-	-	-	-	-	-
Residential For Rent - Market Rate	503	-	-	-	-	-	-	-	-	-	-
Residential For Rent - Afford Incl	91	-	-	-	-	-	-	-	-	-	-
Branded Condo	117	-	117	-	-	-	-	-	-	-	-
TIDA/THDI⁽¹⁾	1,684	117	75	-	-	-	-	-	-	-	-
<i>Subtotal</i>	<i>7,637</i>	<i>434</i>	<i>610</i>	<i>573</i>	<i>250</i>	-	-	-	-	<i>150,226</i>	-
Commercial Square Feet	352,591	-	-	-	-	-	-	-	-	-	-
Hotel Rooms	250	-	-	-	-	-	-	-	-	-	-
REVENUES											
Residential For Sale - Market Rate	462,010,022	28,843,371	23,756,774	25,147,728	5,156,336	-	-	-	-	-	-
Residential For Sale - Affordable Inclusionary	(58,361,213)	(3,471,169)	(8,346,841)	(3,702,580)	-	-	-	-	-	-	-
Residential For Rent - Market Rate	50,300,000	-	-	-	-	-	-	-	-	-	-
Residential For Rent - Affordable Inclusionary	(14,560,000)	-	-	-	-	-	-	-	-	-	-
Commercial Acreage Sales	17,500,000	-	-	-	15,000,000	-	-	-	-	-	-
Branded Condo	23,400,000	-	23,400,000	-	-	-	-	-	-	-	-
THDI / TIDA	-	-	-	-	-	-	-	-	-	-	-
Rental Revenues from Existing Buildings / Units	75,317,653	2,133,854	2,133,854	2,133,854	-	-	-	-	-	-	-
Marketing Revenue From Builders	33,522,032	2,588,497	1,791,975	8,064,561	-	-	-	-	-	-	-
Total Revenues Before Inflation	589,128,494	30,094,554	42,735,763	31,643,363	20,156,336	-	-	-	-	-	-
Plus: Inflation	765,763,045	46,210,836	61,139,283	106,389,260	67,438,280	-	-	-	-	-	-
Total Revenues	1,354,891,539	76,305,389	103,875,046	138,032,623	87,594,616	-	-	-	-	-	-
COSTS											
Initial Consideration	67,375,000	-	-	-	-	-	-	-	-	-	-
Additional Consideration	50,000,000	-	-	-	50,000,000	-	-	-	-	-	-
Total Land Costs	117,375,000	-	-	-	50,000,000	-	-	-	-	-	-
Hard Costs											
Site Closure Oversight & Insurance	8,000,000	203,703,703	185,185,185	1,644,771	0	0	0	0	0	0	0
Historic Building 2 Grocery/Retail	25,000,000	-	-	-	-	-	-	-	-	-	-
Fees, Bonds, Permits	15,870,164	872,915	801,555	409,665	95,587	17,246	-	-	-	1,036	-
Site Development, incl. Cleanup & Ramps/Viaduct	227,291,440	11,318,226	995,743	-	-	-	-	-	-	-	-
Transportation, Ferry Terminal & Parking Garage	68,526,713	15,039,441	17,265,532	5,315,625	351,823	1,178,348	107,123	944,660	-	-	-
Infrastructure, Landscape, Police/Fire, Water Tanks	245,628,952	4,903,805	8,650,977	8,339,886	2,834,395	574,852	34,523	-	-	-	-
Construction Management	21,160,219	1,163,887	1,068,740	546,220	127,449	22,994	1,381	-	-	-	-
Engineering and Other Fees	49,590,482	2,669,997	1,365,551	318,622	3,357,538	3,452	-	-	-	-	-
Contingency	123,125,268	6,760,796	5,990,867	2,986,004	1,353,358	123,709	7,388	-	-	-	-
Total Hard Costs	784,193,237	42,932,772	36,157,483	17,916,023	8,120,150	1,920,600	151,450	944,660	-	-	-
Sales & Marketing											
Closing Costs	37,148,317	2,132,629	2,982,037	3,816,984	2,627,838	-	-	-	-	-	-
Residential Marketing	35,082,256	3,189,305	3,189,305	-	-	-	-	-	-	-	-
Total Sales & Marketing	72,230,673	5,321,934	6,171,342	3,816,984	2,627,838	-	-	-	-	-	-
Planning And Entitlements - Pre Acq./Land	98,725,105	-	-	-	-	-	-	-	-	-	-
Affordable Housing Subsidy	98,962,500	5,461,458	8,653,750	9,681,875	4,822,708	364,583	-	-	-	-	-
Transportation Operating Subsidy	38,200,494	4,000,000	4,000,000	2,350,453	183,375	-	-	-	-	-	-
Parks and Open Space Maintenance Subsidy	17,469,553	80,796	-	-	-	-	-	-	-	-	-
School & Community Facilities	21,512,029	1,250,000	1,250,000	2,728,272	238,555	-	-	-	-	-	-
Existing Rental Operating Expenses	40,652,583	1,134,332	1,134,332	1,134,332	-	-	-	-	-	-	-
TIDA Admin/THDI Job Broker	36,700,605	2,500,000	2,408,888	2,033,384	2,000,000	2,000,000	2,000,000	166,667	-	-	-
Property Taxes	25,285,563	1,655,914	1,127,056	466,410	131,437	-	-	-	-	-	-
G&A	8,458,333	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Project Management Fee	22,535,797	1,281,872	1,084,169	537,481	243,605	57,618	4,544	28,340	-	-	-
Soft Cost Contingency	19,093,500	937,080	816,003	610,969	531,870	502,191	500,000	133,333	-	-	-
Sub-Total	427,596,065	18,801,453	20,974,197	20,043,175	8,651,549	3,424,392	5,004,544	828,340	-	-	-

	2022	2023	2024	2025	2026	2027	2028	2029
Total								
Total Costs Before Inflation	1,401,394,974	63,303,023	41,776,181	69,399,838	5,344,992	3,135,994	1,772,999	-
Plus: Inflation	123,845,387	13,384,912	8,354,418	4,395,704	1,660,801	1,135,513	686,767	-
Total Costs	1,525,240,361	76,301,453	50,130,600	73,795,242	7,005,793	4,291,507	2,459,767	-
CASH FLOW BEFORE FINANCING	(170,348,822)	27,573,593	87,902,024	13,799,374	(7,005,793)	(4,291,507)	(2,459,767)	-
LAND SECURED TAX EXEMPT FINANCING								
CFD / Mello Roos Bonds	414,617,650	-	-	-	-	-	-	-
Tax Increment (After Debt Service)	451,734,370	43,120,535	34,792,725	37,664,290	30,834,255	46,172,195	50,859,325	-
Surplus Tax Increment Revenue	5,635,860	452,665	608,683	617,864	664,753	690,496	780,381	-
CFD Remainder Tax for Project Costs, net of O&M Subsid	20,634,302	-	-	2,367,391	5,566,544	5,204,386	6,602,679	-
Annual Special Taxes	(18,051,097)	(6,912,860)	(4,332,801)	-	-	-	-	-
Total Public Financing	874,568,284	36,660,340	43,613,699	40,649,546	37,065,552	52,067,076	58,212,385	-
CASHFLOW AFTER PUBLIC FINANCING	704,219,462	32,524,659	123,303,432	54,448,919	30,059,758	47,775,569	55,752,618	-

(1) Number of units can be increased per Housing Plan Sections 3 and 9.

Table 6: Marina Development Discounted Project Cash Flow

TREASURE ISLE MARINA

OPERATING EXPENSES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
REVENUE	894196	1253670	1951167	2419966.225	2860483	3171254	3400271	3570284	3865311	4058577	4261506	4474581	4698310	4933226	5179887
EXPENSES															
ADV & PROM	27,000	28080	29203	30371	31586	32850	34164	35530	36951	38429	39967	41565	43228	44957	46755
AUTO & TRAVEL	5,000	5200	5408	5624	5849	6083	6327	6580	6843	7117	7401	7697	8005	8325	8658
DUES & SUB, LIC	7,000	7280	7571.2	7874	8189	8517	8857	9212	9580	9963	10362	10776	11207	11656	12122
OFFICE EXPENSE	25,000	26000	27040	28122	29246	30416	31633	32898	34214	35583	37006	38486	40026	41627	43292
REPAIRS & MAINTENANCE	42,000	43680	45427.2	47244	49134	51099	53143	55269	57480	59779	62170	64657	67243	69933	72730
RUBBISH REMOVAL	22,000	22880	23795.2	24747	25737	26766	27837	28950	30090	31260	32460	33690	34950	36240	37560
SALARIES	250,000	260000	270400	281216	292465	304163	316330	328983	342142	355828	370061	384864	400258	416268	432919
PAYROLL TAX & INS	75000	78000	81120	84365	87739	91249	94899	98695	102636	106722	110954	115332	120000	124860	129900
GUARD SERVICE	35,000	36400	37856	39370	40945	42583	44286	46058	47900	49816	51809	53881	56036	58278	60609
SUPPLIES	12,300	12792	13304	13836	14389	14965	15563	16186	16833	17507	18207	18935	19693	20480	21300
TELEPHONE	11,200	11648	12114	12598	13102	13627	14172	14738	15326	15941	16579	17242	17932	18649	19395
UNIFORMS	5,000	5200	5408	5624	5849	6083	6327	6580	6843	7117	7401	7697	8005	8325	8658
SMALL TOOLS	8,000	2000	2080	2163	2250	2340	2433	2531	2632	2737	2847	2960	3079	3202	3330
MERCH PURCH			0	0	0	0	0	0	0	0	0	0	0	0	0
MISC. EXPENSES	12,000	7,000	7280	7571	7874	8189	8517	8857	9212	9580	9963	10362	10776	11207	11656
RESTROOM AND OFFICE RENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ELECTRICAL EXPENSES															
TOTAL DIRECT EXP.	536,500	546,160	568,006	590,727	614,356	638,930	664,487	691,067	718,694	747,373	777,104	806,887	837,736	869,651	902,656
ACCOUNTING	31,000	32240	33529.6	34870.784	36266	37716	39225	40794	42426	44123	45888	47723	49632	51617	53682
GROUND RENT	45250	63224	98110	242060	286114	475218	509547	535025	579253	608216	638626	670558	704086	739290	739290
INSURANCE	110,000	115,000	119600	124384	129359	134534	139915	145512	151332	157385	163681	170228	177037	184119	191483
LEGAL	28,000	29120	30285	31496	32756	34066	35429	36846	38320	39853	41447	43105	44829	46622	48487
PROPERTY TAX	135,000	137700	140454	143263	146128	149051	152032	155073	158174	161337	164564	167856	171213	174637	178130
UTILITIES-WATER/SEWER	25,000	25,000	26000	27040	28122	29246	30416	31633	32898	34214	35583	37006	38486	40026	41627
UTILITIES-GAS	4,700	5,000	5200	5408	5624	5849	6083	6327	6580	6843	7117	7401	7697	8005	8325
CONTR SERV ALMAR	42,000	43680	45427	47244	49134	51099	53143	55269	57480	59779	62170	64657	67243	69933	72730
MANAGEMENT FEES	44710	62684	97558	120998	143024	158563	170014	178514	193266	202929	213075	223729	234916	246661	258994
TOTAL ADMIN. EXP.	465,660	513,647	596,164	776,764	856,528	1,075,344	1,135,805	1,184,992	1,259,728	1,314,679	1,372,151	1,432,263	1,495,139	1,560,910	1,592,749
TOTAL EXPENSE	1,002,160	1,059,807	1,164,171	1,367,491	1,470,884	1,714,273	1,800,292	1,876,059	1,946,222	2,028,632	2,114,662	2,204,475	2,298,239	2,396,135	2,461,382
NET OPER. INCOME	-107,964	193,863	786,997	1,052,475	1,389,599	1,456,981	1,599,979	1,694,226	1,919,090	2,029,945	2,146,843	2,270,107	2,400,071	2,537,091	2,718,505

CHAPTER V. RATIONALE FOR ECONOMIC DEVELOPMENT CONVEYANCE

Under this Application, the Navy would convey the Property, which is all of NSTI apart from those portions that will be retained by the Federal government (the Job Corps, Coast Guard, and Bay Bridge properties), to the Authority through an EDC. An EDC provides the Secretary of the Navy with the authority to transfer property specifically to spur economic opportunity via economic development. 32 CFR Part 174.9 explains that the primary objective of the EDC is job generation on the installation to replace jobs lost through base closure. According to the *Base Redevelopment and Realignment Manual* (March 1, 2006), LRAs are eligible to acquire property under an EDC when the "... proposed uses for the property will generate sufficient jobs to justify an EDC conveyance, and that the proposed land uses are realistically achievable given current and projected market conditions."

This Chapter is broken into two sections, which provide information requested in **32 CFR parts 174.9(e)(2)(E) and 174.9(e)(5)**:

- A. Advantages of an EDC** explains how the EDC is consistent with the Development Plan for the Property and the advantages it offers.
- B. Review of Other Means of Conveyance** surveys the other conveyance options available to the Navy and discusses why those means are inappropriate for the Property.

A. ADVANTAGES OF AN EDC

An EDC is the most appropriate conveyance mechanism for the Property for the following reasons:

- An EDC generates a significant number of jobs – more than 3 times the number of civilian jobs that were lost through base closure.
- An EDC is the best – and perhaps only – means of conveyance that is consistent with the Authority’s long-standing decision to utilize a private sector master developer from early on in the reuse planning process.
- An EDC will expedite the Navy’s transfer of property and the release of Navy liabilities.
- An EDC assures the property will be transferred to an eligible land owner as mandated by the California State Legislature in AB699, which confirmed the State of California’s position that the California Constitution prohibits ownership by any entity other than the State and its trustee, the Authority.
- An EDC provides the development flexibility necessary to support the massive investments of private capital needed for a project as large and complex as the Property.

Each of these reasons will be discussed in turn, followed by a case-by-case evaluation of why other conveyance mechanisms are not appropriate for the Property.

JOB GENERATION

An overarching goal of the Development Plan is economic development. As discussed in Chapter III, the Development Plan has been specifically designed to maximize job generation potential given the physical, regulatory and market constraints existing on the site. Redevelopment of NSTI will generate over 2,600 permanent civilian jobs, approximately 3.5 times the number that were lost with the base closure. Construction activity and, to a lesser extent, interim reuse for film and event production will create over 21,000 additional short-term jobs over the life of the project. An innovative jobs program has been developed to improve the quality of the jobs offered and direct a substantial portion of these jobs to those most in need via partnerships with TIHDI, the federal Job Corps program and other workforce initiatives directly responding to the mandate of the Base Closure Act. These job generation figures alone make an EDC the logical conveyance mechanism for NSTI.

EDC IS CONSISTENT WITH USING A PRIVATE SECTOR MASTER DEVELOPER

The City of San Francisco began planning for the reuse of NSTI 14 years ago, immediately after the Property was placed on the BRAC closure list. Based on extensive public debate and in-depth guidance from the Navy, the Office of Economic Adjustment and other Federal agencies, the City made two key strategic decisions that irrevocably shaped the reuse process for NSTI. The first was to establish the Authority as the LRA for NSTI. The second was to utilize a “master developer” to bring private sector resources and expertise to help guide the redevelopment of NSTI from early on in the reuse planning process.

The advice the City and the Authority received was correct: The use of a master developer is by far the most effective means of redeveloping NSTI. But one of the consequences of this fact is that certain conveyance mechanisms, particularly public sale, cannot be used. Rather, an EDC is the most effective – and perhaps the only – conveyance mechanism that is consistent with utilizing a partnership with a private master developer.

The reuse of NSTI requires the use of a master developer from the beginning to the end of the development process for a number of reasons, including the following:

- NSTI’s location, site characteristics and inadequate infrastructure require massive seismic, infrastructure and transportation improvements that need to be carefully coordinated and phased. Unlike an in-fill site in the City that is already served by transportation and infrastructure, NSTI needs to be rebuilt from scratch. A massive perimeter dike with stone columns needs to be built to protect NSTI from inevitable seismic forces. Vast wet and dry utilities systems need to be built and connected across San Francisco Bay. Transportation

networks must be constructed to move people to and from an island that has no practical prospects for traditional mass transit like light rail and which is connected to a bridge that is at or near full capacity. An effort of this size, complexity and cost (estimated at \$1.2 billion at NSTI just to *prepare* the land for vertical development) needs to be done by one coordinated master developer working in close cooperation with the Authority.

- Another compelling argument made to the City and the Authority in favor of using a master developer for NSTI was the need to have real-world, private sector development expertise directly involved in the reuse planning early on. Given the very long entitlement horizon and complexity of NSTI, it was critical that the City avoid “over planning” the site first, only to find out by the time the project is ready to go to market that the underlying planning assumptions did not work, were out of date or were financially infeasible. Rather, the City and the Authority decided to work with a fully vested development partner from early on in the planning process to craft – in tandem – a development plan that could both provide sufficient public benefits to secure the necessary entitlements and zoning approvals and also support the hundreds of millions of dollars of private capital that the project needs to actually get built. The approval of the Development Plan this past December is a testament to the soundness of that decision.
- Utilizing a master developer was also necessary to fund the substantial planning and pre-development costs a project of NSTI’s complexity requires. To date, TICD has spent over \$12 million on NSTI’s predevelopment planning and will need to spend many million of dollars more to secure the final entitlements that will allow actual development to proceed.
- The massive up front requirements of seismically retrofitting the island and rebuilding the utilities and other infrastructure from scratch, well before revenue generating land can be sold, also dictates the use of a master developer. NSTI is a true “public-private partnership”. As noted in Chapter IV.D, the redevelopment of NSTI requires an estimated \$700 million of public financing, on top of approximately \$500 million of private capital just to prepare the land for vertical development. As a practical matter, this type of public-private venture requires a strong partnership between a lead public agency – the Authority acting as the LRA – and a single master developer.

EXPEDITED TRANSFER OF PROPERTY AND LIABILITIES

Under the BRAC process, the Navy should seek a conveyance that takes place in the most efficient and speedy manner. The Authority believes those goals are best achieved through an EDC for two reasons: (i) the willingness of the Authority to take on the Navy’s remaining liabilities at NSTI, and (ii) the ability to convey clear title to the Authority through an EDC.

Authority Acceptance of Ongoing Navy Liabilities

Utilizing an EDC will expedite the transfer process, thereby significantly reducing current federal liabilities existing as a result of ownership of property at NSTI. Existing Navy liabilities associated with NSTI include:

- Environmental Contamination. The Navy has ongoing environmental remediation activities at NSTI that must be completed prior to transfer, unless the party accepting the property is willing to take on those liabilities. The Authority has undertaken all necessary environmental due diligence and has proposed to take responsibility for clean-up via an ETCA. As part of the ETCA, the Authority would obtain environmental insurance to provide coverage of cost overruns that are frequently experienced by the Federal government as part of their remediation activities. No other entity is currently in the position to take on these liabilities. Moreover, an Early Transfer of NSTI requires the approval of the Governor, who is unlikely to support and approve the conveyance to an entity ineligible to hold title to the NSTI under State Law (AB699). Any approach that transfers the Property in multiple parts would almost certainly make an Early Transfer impossible, thereby requiring the Navy to continue to bear ongoing liability for the Property as it completes its remaining environmental remediation obligations.
- Deteriorating Infrastructure and Buildings. The infrastructure and buildings at NSTI are deteriorating and pose a liability for the Navy. Two recent fires on NSTI are examples of the type of events that pose constant risk to the Navy, the Authority and the City. In addition, major infrastructure systems, including the water tanks on Yerba Buena Island, the causeway and viaduct providing primary emergency access between the San Francisco-Oakland Bay Bridge and Treasure Island, and the perimeter seawall, would be significantly challenged in the event of an emergency. In addition, the current freeway ramps connecting to the Bay Bridge, which are owned by the Navy, are unsafe and in need of improvement. The Authority has identified a source of federal and local state matching funds that could be used to pay for the ramp improvements; however, the state matching funds require local ownership to qualify, meaning that the Authority or another public entity must own the ramps in order for the project to be eligible to receive the funds. The sooner NSTI is conveyed and rebuilt, the sooner these liabilities are reduced or eliminated.

Conveyance of Clear Title

As noted throughout this EDC Application, when the California Legislature enacted the Conversion Act (AB 699) to create the Authority, the provisions of that law reaffirmed the applicability of the Tidelands Trust on the redevelopment of NSTI. The Legislature also identified the Authority as the only non-federal legal entity that could receive NSTI from the Navy. The EDC to the Authority ensures that the buyer or transferee is an eligible landholder under California law.

While differences of opinion may exist between the Federal government and the State of California over the applicability of the Tidelands Trust, as a practical matter, resolving these differences of opinion would likely involve significant time and risk. If the Navy

did seek to transfer NSTI to an entity other than the Authority, the Conversion Act and the California Attorney General's position regarding the applicability of the Tidelands Trust to NSTI would make it impossible for that entity to obtain title insurance without resolution of the issue through what would no doubt be a very lengthy adjudication. Given that NSTI could be conveyed to the Authority now through an EDC, pursuing options to dispose of NSTI via other means would be unnecessarily complex, uncertain and time consuming.

DEVELOPMENT FLEXIBILITY

Given the very long timelines for build-out of the Development Plan and the inevitable adjustments that will need to be made over time, an EDC is the only federal property conveyance method that ensures the necessary flexibility to respond to real estate market conditions over that extended build-out and operating period and to secure the requisite financing. Implementation of the Development Plan is anticipated to take almost 15 years. Accordingly, the Development Plan has been specifically designed to be flexible enough to make minor adjustments to planning boundaries and directives to respond to changing market forces or unforeseen delays. The private debt markets will also insist on this type of flexibility.

In addition, the larger, overall aggregation of different uses that is captured in a single EDC - as opposed to more fragmented conveyance mechanisms - offers the critical ability to offset costs from certain uneconomic - but essential - uses with positive cash flows from profitable uses. For example, in most cases, especially for public land uses not generating positive cash flows, the costs of infrastructure and seismic improvements attributable to each individual use cannot be supported by disparate smaller land parcels. Rather, the project needs to be taken as a whole, with certain uses cross subsidizing others, in different ways at various points in time.

The flexibility that an EDC offers is also important to the implementation of many programs critical to the success of the Development Program. For example, because NSTI can only be approached via the Bay Bridge, which operates at or near capacity throughout an extended peak commuting period, any new development on NSTI will require a dynamic network of ferries, buses and other innovative transportation systems. As noted in the Development Plan, these transportation programs will be managed through a Transportation Demand Management Program that is designed to evolve over time - adapting to changing use patterns and demands over the life of the development. By receiving the Property through a single EDC, the Authority can implement a well-planned, cohesive transportation plan for NSTI that has the flexibility to adapt to evolving circumstances. On the other hand, if the conveyance mechanism for NSTI is too restrictive or if multiple individual recipients were to receive discrete NSTI parcels, these transportation issues would likely remain unresolved, as individual users could not plan, implement or fund such significant transportation infrastructure initiatives.

B. REVIEW OF OTHER MEANS OF CONVEYANCE

Other means of conveyance available to the Navy are inferior to an EDC for a variety of reasons. This section reviews each of those conveyance options and explains why an EDC is preferable.

PUBLIC BENEFIT CONVEYANCES

Some uses in the Development Plan could, in theory, be accomplished through a Public Benefit Conveyance ("PBC"). However, in practice, the burdens of a PBC would unduly complicate implementation of those uses and, in some cases, render them impossible. As a general matter, PBCs offer the following problems for NSTI:

- To achieve all of the public benefit uses captured in the overall Development Plan (Homeless, Education, Parks and Recreation, and Port) would require multiple PBCs to multiple entities. At a minimum, this would add complexity and time to the conveyance process. Multiple PBCs would also add complexity and time to project implementation, since one entity would still need to coordinate the Island-wide infrastructure improvement projects and assess each of the PBC land recipients with the cost of their share. The Authority was designated as the LRA for NSTI for that purpose, but would be constrained in fulfilling that important coordinating function if multiple public agencies owned various portions of NSTI. Also, because some PBCs would dictate a transferee other than the Authority, PBCs may also create the title problems noted above associated with seeking to transfer property to a landowner considered, under California law, ineligible to own property on NSTI.
- PBCs generally place long-term restrictions on use and require revenue reinvestment provisions that would impair the flexibility of the Development Plan and make it difficult to cross-subsidize across different elements of the project to improve the project's overall economics.
- PBCs generally include rights of reverter that are inconsistent with many of the interim uses provided for under the Development Plan that will be phased out over time and replaced with entirely different uses.
- PBCs generally include fairly rigid use restrictions that could significantly curtail the generation of jobs and other economic development benefits on certain lands that are nonetheless used primarily for a public purpose.

The specific complications with the various types of PBCs are as follows:

Homeless PBC

A Homeless PBC could theoretically be used for some of the existing housing that TIHDI currently uses. However, as a practical matter, because that housing is being used on an interim basis – and will eventually be replaced with permanent housing in a different location - a direct transfer of the existing housing with long-term use restrictions and a right of reverter would be inconsistent with the Development Plan.

Moreover, the TIHDI Agreement between TIHDI, the City and the Authority to create economic development and housing opportunities on NSTI has already been approved by the U.S. Department of Housing and Urban Development (HUD) and is widely considered to be a national model of how to utilize a closed military base to help address problems of homelessness. Thus, the policy intentions of a Homeless PBC are well honored under this EDC Application.

Education PBC

PBCs for educational uses potentially could be used to acquire three NSTI properties that have historically comprised education uses: (1) the fire training facility, (2) the police training academy, and (3) the elementary school. However, the fire training and police training facilities are interim uses only and are not retained as a permanent part of the Development Plan. Therefore, a PBC for these properties is inappropriate. The San Francisco Unified School District has recently closed the Treasure Island Elementary School due to insufficient attendance and has terminated its lease for the property with the Navy. While a school is likely to be part of the future development, its eventual size, location and composition is undetermined and, therefore, a PBC for the elementary school would be inappropriate.

Parks and Recreation PBC

Park uses and some recreational uses could potentially be conveyed to the City's Recreation and Parks Department through a PBC obtained through the Department of the Interior. However, there are several problems with utilizing this approach at NSTI.

- First, as noted above, if a Parks PBC required conveyance to the City's Recreation and Parks Department, it would create the title problems associated with seeking to transfer property to a landowner considered, under California law, ineligible to own property on NSTI.
- Second, a Parks PBC requires any net revenue generated from parks and recreation activity to be reinvested solely in these parcels, and not other portions of NSTI. This restriction may limit the ability of the Authority to invest those revenues in the extensive general infrastructure and seismic improvements of project-wide benefit.
- Third, the use limitations that apply under a Parks PBC may impede the creation of many jobs that are contemplated to be created on park property under the Development Plan such as the development of some recreation-supporting commercial activities, e.g., restaurants, concessions, rentals, or equipment sales.
- Fourth, the development of successful parks and recreational uses will require that the Master Developer have maximum flexibility to configure buildings and design open spaces, as well as to maximize the limited opportunities to support the park areas with revenue-generating uses. Transferring selected portions of these areas through a separate PBC would pose a substantial obstacle to high-quality design and development.
- Fifth, much of the area that is planned to become parks and open space is currently occupied by former Navy housing, which is intended to be retained for up to 10-15 years as part of the phased development of Treasure Island. This

would make transfer of these properties via a Parks PBC overly complicated, as compared to the benefit it might provide.

- Finally, the reason that a Parks PBC may be an attractive mechanism to transfer portions of the Property is to ensure that the land is in fact utilized for parks and open space. This concern is addressed by the application of the Tidelands Trust to these same properties that might be conveyed via a PBC. The Trust restrictions on the use of such lands and the revenues from such lands address the same general concerns (making sure the land is used for public park and recreation uses in perpetuity), but offer more flexibility and opportunities for revenue and job-generating uses.

Port PBC

Some waterfront uses and facilities could potentially be conveyed to the Authority through a Port PBC, including the Recreational Marina, the Ferry Quay and supporting uses, and waterfront areas designated for public shoreline access. As a rarely used conveyance, however, there is some uncertainty as to whether the uses scheduled in the Development Plan program could be included. In addition, the Maritime Administration's right to review all leases of five years or longer would prevent the Authority from obtaining the financing necessary to build those uses. Without the guarantee of a long-term leasehold, development of these maritime-related uses would be infeasible.

NEGOTIATED SALE

The Navy can dispose of property through a Negotiated Sale to a local public body in limited circumstances. Prior to the creation of the EDC mechanism, this was the sole means for a public agency to acquire land not otherwise eligible for a PBC. This mechanism has been used less frequently since the EDC was created because the EDC is a more flexible instrument to be tailored to the unique set of characteristics of each site. Indeed, the EDC was really created to provide an improved mechanism for such transfers. Today, negotiated sales can only be conducted if a public benefit that would not be realized from a competitive sale or PBC would result from the negotiated sale. No such public benefit exists in this case. In addition, a negotiated sale agreement is subject to Congressional review, which can frequently lead to lengthy delays in the conveyance process. The tendency of Congress in recent years to reject negotiated sales has lent significant risk and uncertainty to this conveyance mechanism.

PUBLIC SALE

Property not disposed of through a Federal transfer or conveyance can be sold directly to a private interest through a public sale. In the past, this has taken place by way of a sealed bid, public auction, or internet auction. Public sale is impractical for NSTI for three primary reasons.

First, practically speaking, a public sale requires extensive cooperation from the local zoning authorities. However, under the terms of its Exclusive Negotiating Agreement

with TICD, the Authority and the City are legally prohibited from participating in any process that involves any entity other than TICD developing the Property.

Second, as described further in Chapter V.A.2 above, the development of NSTI required the involvement of a master developer from early on in the reuse planning process, which was supported by the Navy, based on its consistency with Department of Defense Base Conversion Policies. Public sale is inconsistent with the Authority's long-standing decision to utilize a master developer for NSTI. It would not be reasonable to expect a master developer to invest years of work and millions of dollars of risk capital to complete all of the work getting development plans approved, only to have the land subsequently bid to third parties at public sale or transferred in another way that that is inconsistent with the carefully constructed plans paid for and developed by the master developer.

Third, the California Attorney General would likely sue to block any transfer to a non-federal entity other than the Authority, further delaying by many years the conversion of NSTI to productive civilian reuse.

Fourth, the most expeditious way for the Navy to convey title is to utilize the "Early Transfer" mechanism permitted under CERCLA, by which the NSTI is transferred in advance of its remediation. Nevertheless, the Governor is required by CERCLA to approve such Early Transfers in advance of any conveyance, and the Governor is unlikely to support and approve an Early Transfer of NSTI to a purchaser ineligible to hold title to the NSTI under State Law (AB699).

EXCHANGE FOR MILITARY CONSTRUCTION

The Secretary of the Navy has the authority to enter into an agreement to convey real property at a closing or realigning installation in exchange for the recipient either: (1) carrying out a military construction project or land acquisition, or (2) transferring to the Navy housing constructed or provided by the land recipient at or near an installation where there is a shortage of suitable military family or unaccompanied housing, all in an amount equal to no less than the fair market value of the property to be conveyed. In light of the requirement to remediate the NSTI prior to its use and the Authority's proposal to undertake the remediation in exchange for the NSTI, the use of the Military Construction Exchange Authority is not of benefit to either the Navy or the Authority. Moreover, the Navy has not indicated an interest in an exchange for NSTI and the Authority lacks the typical resources to do so. Even if the Navy were to indicate that such an exchange was desired, there are practical obstacles to its implementation, including the requirement under California law that the Authority is the only authorized recipient of NSTI.

CHAPTER VI. PROPOSED CONVEYANCE TERMS

The terms and conditions of the Economic Development Conveyance are summarized below:

NAVAL STATION TREASURE ISLAND: SUMMARY OF EDC TERMS AND CONDITIONS

Seller:	United States of America by and through the Secretary of the Navy ("Government").
Purchaser:	Treasure Island Development Authority ("the Authority").
Property Description:	Approximately 455 acres of dry land and approximately 547 acres of submerged land (collectively, the "Real Property") located on former Naval Station Treasure Island, California ("Base"), including all related personal property currently located on such parcels of Real Property ("Personal Property"), and all existing on-site and off-site utilities systems and related contracts, easements and rights of way serving the Real Property ("Utilities") (collectively the "Property").
Legal Authority:	Economic Development Conveyance ("EDC") pursuant to Section 2905(b)(4) of the Defense Base Closure and Realignment Act of 1990, Pub. L. No. 101-510, as amended, and the implementing regulations of the Department of Defense (32 CFR Parts 174, 175 and 176).
Consideration:	As consideration for the Property, the Authority proposes to pay a purchase price structured to achieve an amount at least equal to fair market value for the property consisting of Initial Consideration and Additional Consideration, to be paid in the manner described below.
Initial Consideration:	The Initial Consideration would consist of \$55 million paid over 10 years with interest. Initial Consideration payments would equal \$5.5 million per year, subject to negotiated agreements for any Authority remedy for a delay in conveyance of parcels per the agreed upon conveyance schedule attached to the MOA.
Additional Consideration:	As additional consideration, the Government will have the right to share in net project revenues (as defined in the Development Plan). This mechanism assures that neither

the Authority nor its Master Developer receive financial windfalls if the project does better financially than what is estimated in the pro forma. In fact, the type of profit participation described below is a common tool that local, State and Federal agencies use to consummate a transaction based on long term estimates of costs and revenues. In essence, this type of profit participation lets actual market forces resolve potential disputes about value. Net project revenues would be distributed in the following order of priority:

- i. First, to the Master Developer until the Master Developer receives a 18% annual internal rate of return on its private capital contributions, compounded quarterly;
- ii. Second, to the Navy, until the Navy receives an additional \$50 million;
- iii. Third, to the Master Developer until the Master Developer receives an additional 4.5% annual internal rate of return on its capital contributions, compounded quarterly, such that under this subsection iii and subsection i above, the Master Developer receives a total 22.5% annual internal rate of return on the Master Developer's private capital contributions; and
- iv. Fourth, the remainder to be split 50% to the Master Developer, 15% to the Authority and 35% to the Government.

Memorandum of Agreement:

The Authority and the Government will negotiate a legally binding Memorandum of Agreement ("MOA") setting forth the terms and conditions for the sale of the Property. The MOA shall include: (i) the model deed(s) and related documents, (ii) a schedule for the conveyance of fee title of the Real Property to the Authority, (iii) a project schedule related to the environmental remediation of the Real Property, and (iv) the Bill of Sale and Assignment for the transfer of Personal Property and Utilities.

Closing:

The Real Property will be conveyed in at least two closings. All of the Real Property for which a Finding of Suitability for Transfer ("FOST") has been issued (the "FOST Parcels"), together with the Personal Property and Utilities, will be conveyed at the First Closing. The remainder of the Real Property will be conveyed after

subsequent FOSTs have been completed based on a conveyance schedule attached to the MOA.

Key Dates and Transfer Schedule:

- 1) EDC Negotiations: The Authority and the Government will complete negotiations and agree on and execute a Summary of EDC Purchase Terms and Conditions within 30 days after the Authority's submittal of this Application.
- 2) MOA: Following Government approval of the Summary of EDC Purchase Terms and Conditions, the Authority and the Government will negotiate and execute an MOA, including draft deeds and related documents, the model ETCA and a closing schedule within 180 days of the execution of a Summary of EDC Purchase Terms and Conditions.
- 3) First Closing: The First Closing to convey the FOST Parcels and the Personal Property and Utilities will occur when the closing conditions for the First Closing have been satisfied.
- 4) Closing on Remaining Parcels: The Closing on the Remaining Parcels will occur based on a parcel conveyance schedule agreed to by the parties and attached to the MOA.

Recoupment Provision:

As agreed in the MOA terms.

Additional Provisions:

- 1) Approval by the Authority
- 2) Approval by the Government
- 3) Provision against gratuities
- 4) Covenant against contingent fees
- 5) Closing language
- 6) Documentation authorizing Government conveyance
- 7) Damage and casualty
- 8) Notice provisions
- 9) No brokerage
- 10) No assignment
- 11) Entire agreement
- 12) Time is of the essence
- 13) Deed covenants and restrictions run with the land
- 14) No partnership or joint venture
- 15) Further assurances (additional documentation)
- 16) Clearance of unpaid real estate taxes

17) Others as appropriate.

CHAPTER VII. AUTHORITY FOR PROPOSED CONVEYANCE

The Authority's legal authority to acquire and dispose of the Property and to perform all of the actions required of it under the terms of the EDC flows from the following local, state and federal actions.

LOCAL ACTIONS

- San Francisco Board of Supervisors Resolution No. 672-96 authorizing and endorsing for submittal to the Federal Government the Draft Reuse Plan.
- San Francisco Board of Supervisors Resolution No. 380-97 authorizing the formation of the Authority as a California nonprofit public benefit corporation to promote the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare, and common benefit of the inhabitants of the City.
- San Francisco Board of Supervisors Resolution No. 43-98 designating the Authority as the Redevelopment Agency and Local Reuse Authority for the conversion of NSTI.
- Treasure Island Development Authority Resolution No. 99-21-7/14 endorsing the Preliminary Redevelopment Plan for Treasure Island.
- San Francisco Planning Commission Motion No. 14869 adopting the Treasure Island/Yerba Buena Island Preliminary Redevelopment Plan.
- San Francisco Planning Commission Motion No. 17020 adopting findings relating to the certification of the Final Environmental Impact Report for the transfer and reuse of Naval Station Treasure Island.
- Treasure Island Development Authority Resolution No. 05-017-5105 adopting findings relating to the certification of the Final Environmental Impact Report for the transfer and reuse of Naval Station Treasure Island.
- Treasure Island Development Authority Resolution No. 06-59-10/30 endorsing the Development Plan.
- San Francisco Board of Supervisors Resolution No. 699-06 endorsing the Development Plan.

STATE ACTIONS

- Treasure Island Conversion Act of 1997 (AB 699) (i) designating the Authority as a redevelopment agency under California Redevelopment Law with authority over NSTI, (ii) granting the Authority the right to administer and control the Tidelands Trust as to those areas of Treasure Island that are former tide or submerged lands and, therefore, subject to the Tidelands Trust, and (iii)

providing the Authority with the ability to acquire, sell, lease, exchange, transfer, convey, or otherwise grant interests in or rights to use or occupy all or any portion of the real property located on NSTI. Under California Redevelopment Law, redevelopment agencies such as the authority are authorized to use tax increment revenues to repay indebtedness incurred in implementing a redevelopment project (Attachment C).

- Treasure Island Public Trust Act of 2004 authorizing the State Lands Commission to carry out an exchange of lands under which certain non-Trust lands on Yerba Buena Island with substantial value for the Tidelands Trust would become subject to the Tidelands Trust and the statutory trust created under the Conversion Act, and certain lands on Treasure Island that are no longer useful for Trust purposes would be freed from the Tidelands Trust and the statutory trust provision.

FEDERAL ACTIONS

- United States Department of Housing and Urban Development approval of the Base Closure Homeless Assistance Agreement and Option to Lease Real Property (TIHDI Agreement) and determination that it met the requirements of the Base Closure Act (November 1996).
- Department of Defense Office of Economic Adjustment recognition of the Authority as the Local Reuse Authority (March 1998).
- Department of Defense Record of Decision for the Disposal and Reuse of Naval Station Treasure Island (October 2005).

**DEVELOPMENT PLAN AND TERM SHEET FOR THE REDEVELOPMENT
OF NAVAL STATION TREASURE ISLAND**

between the

**TREASURE ISLAND DEVELOPMENT AUTHORITY,
a public body, corporate and politic of the State of California**

and

**TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC,
a California limited liability company**

dated as of February 1, 2007

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DEVELOPMENT PLAN AND TERM SHEET FOR THE REDEVELOPMENT OF NAVAL STATION TREASURE ISLAND

THIS DEVELOPMENT PLAN AND TERM SHEET FOR THE REDEVELOPMENT OF NAVAL STATION TREASURE ISLAND ("Development Plan") dated as of February 1, 2007, is between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body, corporate and politic of the State of California (the "Authority"), and TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC, a California limited liability company ("TICD"). All initially capitalized terms in this Development Plan are defined in Section XIV, or will have the meanings given to them where first defined in this Development Plan.

RECITALS

A. The United States Navy (the "Navy") owns in fee that certain real property known as the former Naval Station Treasure Island ("NSTI"), located in the City and County of San Francisco ("City"), and consisting of the following two islands connected by a causeway: (1) Treasure Island, comprised of approximately 406 acres of level filled land, and (2) an approximately 96 acre portion of Yerba Buena Island, a natural rock outcropping, steeply sloped and highly vegetated, with elevations rising to over 300 feet above the water. NSTI also includes approximately 315 acres of unfilled tidal and submerged lands lying adjacent to Treasure Island in San Francisco Bay and approximately 232 acres of unfilled tidal and submerged lands lying adjacent to Yerba Buena Island in San Francisco Bay (the "Submerged Lands").

B. The land within NSTI that is the subject of this Development Plan is shown on the attached Exhibit A (the "Property"). The Property *excludes* the portions of NSTI that are occupied by the United States Department of Labor Jobs Corps, the United States Coast Guard and the Federal Highway Administration (collectively, the "Excluded Properties"). The Excluded Properties are also shown on Exhibit A, attached hereto.

C. During World War II, 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.

D. 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 and its subsequent amendments (the "BRAC"). The Department of Defense subsequently designated the City and, later, the Authority as the Local Reuse Authority ("LRA") responsible for the conversion of NSTI under the federal disposition process.

E. In 1994, a Citizen's Reuse Committee ("CRC"), representing a broad spectrum of community interests, was formed to (1) review reuse planning efforts regarding the Property by the San Francisco Planning Department and the San Francisco Redevelopment Agency, and (2) make recommendations to the City's Planning Commission and Board of Supervisors.

F. In July 1996, after an extensive community planning effort, the City's Mayor, Board of Supervisors, Planning Commission and the CRC unanimously endorsed the Draft Reuse Plan (the "Reuse Plan") for NSTI. The City forwarded the Reuse Plan to the Department of Defense in July 1996 to serve as the guiding document for an Environmental Impact Statement ("EIS") under the National Environmental Policy Act ("NEPA") and an Environmental Impact Report ("EIR") under the California Environmental Quality Act ("CEQA") related to the transfer of the

Property. The EIS and the EIR are collectively referred to herein as the "EIS/EIR." The Reuse Plan also serves as the basis for the Preliminary Redevelopment Plan for the Property. Since adoption of the Reuse Plan, the Authority has undertaken an extensive public process to further refine the land use plan for the Property. These revisions are reflected in the Illustrative Conceptual Land Use Plan attached to this Development Plan as Exhibit B, will serve as the basis for adoption of a final Redevelopment Plan for the Property (the "Redevelopment Plan") upon completion of further CEQA and, if required, NEPA review, and comprises the probable rezoning of the Property.

G. In 1996, the City concluded discussions with the Treasure Island Homeless Development Initiative ("TIHDI"), a collaboration of 20 agencies that was formed in 1994 to develop the homeless component of the Reuse Plan, regarding a binding agreement (the "TIHDI Agreement") that would, among other things, (1) give TIHDI certain rights to participate in economic development opportunities at the Property, (2) facilitate implementation of a permanent employment program related to activities occurring at the Property, (3) give TIHDI certain rights to both temporary and permanent housing in support of TIHDI's programs, and (4) provide TIHDI with certain financial support.

H. The Authority was created in 1997 to serve as a single-purpose entity responsible for the redevelopment of the Property. 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 the Authority as a redevelopment agency under the California 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 the authority to administer the Tidelands Trust as to such property in the Authority in accordance with the terms of the Act.

I. The Board of Supervisors approved the designation of the Authority as a redevelopment agency with powers over the Property under the Act in Resolution No. 43-98, dated February 6, 1998.

J. Under the Act and the Authority's Articles of Incorporation and Bylaws, the Authority, acting by and through its Board of Directors (the "Authority Board"), has the power, subject to applicable laws, to sell, lease, exchange, transfer, convey or otherwise grant interests in or rights to use or occupy all or any portion of the Property.

K. On June 19, 2000, the Authority submitted an application (the "Application") to the Navy seeking an Economic Development Conveyance of the Property pursuant to Section 2905(b)(4) of the Defense Base Closure and Realignment Act of 1990, 10 U.S.C. Section 2687, as amended, and related implementing regulations of the Department of Defense (32 CFR Part 175). Since then, the Authority has been seeking to finalize a conveyance agreement with the Navy conveying the Property to the Authority in furtherance of the Application. On December 24, 2002, the Authority asked the Navy to consider negotiating an "Early Transfer" of portions of the Property under Section 9620(h)(3)(C) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980. Negotiations with the Navy regarding both a conveyance pursuant to the Application and an Early Transfer are on going.

L. Upon execution of the conveyance agreement, the Navy will transfer the Property to the Authority, as the designated LRA.

M. On June 14, 2000, the Authority authorized the issuance of a Request for Qualifications ("RFQ") regarding "master development" of the Property. The RFQ contemplated the issuance of a Request for Proposals ("RFP") to those respondents who met the qualifications under the RFQ.

N. A team of expert consultants hired by the Authority reviewed the materials submitted by the respondents to the RFQ, prepared supplemental information requests to address questions

raised during the review process, and together with Authority staff and a designated member of the Treasure Island Citizens Advisory Board ("TICAB"), conducted interviews of the responding teams. On July 11, 2001, the Authority passed a resolution finding that, based on the consultants' analysis and the recommendations of staff, only TICD met each of the criteria required under the RFQ for proceeding on to the RFP phase.

O. After considering an independent consultant's report and the recommendations of staff, the Authority determined that to best achieve the goals of the Reuse Plan and avoid significantly delaying the implementation of the Reuse Plan, the Authority should (1) proceed with the original solicitation process set forth in the RFQ by issuing a focused RFP to TICD, and (2) evaluate the content of TICD's response to the focused RFP to determine whether the Authority should enter into exclusive negotiations with TICD regarding the implementation of its proposal. The Authority held numerous public meetings to draft an RFP, which included input from the TICAB (totaling over 30 meetings from the inception of the RFP to the Exclusive Negotiating Agreement). On April 10, 2002, the Authority authorized the Executive Director of the Authority to issue the focused RFP to TICD.

P. TICD submitted a draft response to the focused RFP. After an extensive evaluation process in which the Authority staff and consultants, the TICAB and the Authority Board reviewed the draft response and held numerous public meetings, TICD submitted a revised response to the focused RFP. A team of expert consultants, Authority staff, the TICAB and the Authority Board reviewed the revised response. On March 12, 2003, the Authority determined that TICD's revised response to the focused RFP met the criteria set forth in the RFP and warranted entering into exclusive negotiations with TICD. On April 9, 2003, the Authority authorized the Authority's Executive Director to execute an Exclusive Negotiating Agreement with TICD.

Q. On or about June 1, 2003, the Authority and TICD entered into the Exclusive Negotiating Agreement. The Exclusive Negotiating Agreement was amended and restated in its entirety pursuant to the Amended and Restated Exclusive Negotiating Agreement dated as of September 14, 2005 (the "ENA"). The ENA sets forth the terms and conditions under which the Authority and TICD are willing to negotiate (1) a disposition and development agreement ("DDA") and related conveyance agreements governing the redevelopment of the Property, (2) one or more 66-year ground leases (collectively, the "Lease") for certain portions of the Property that will remain subject to the Tidelands Trust, and (3) other necessary transaction documents for the conveyance, management and redevelopment of the Property (the other documents, the Lease and the DDA are collectively referred to as the "Transaction Documents").

R. The ENA includes a schedule of performance setting forth a number of major milestones. The first key milestone, TICD's presentation of certain additional studies regarding the proper location of the ferry terminal, the feasibility of onsite wastewater treatment and peer review of TICD's geotechnical assumptions and approaches (collectively, the "Studies"), was achieved in January 2004, with the Authority Board's endorsement of the Studies, based on recommendations from the TICAB after public review. This Development Plan is the next key milestone under the ENA and the precursor to presenting final Transaction Documents to the TICAB for recommendation and the Authority Board and the Board of Supervisors for approval. City actions also will be required for the final Transaction Documents, including certain approvals by the City's Planning Commission and other applicable regulatory agencies.

S. The project described in this Development Plan and the exhibits has been presented and reviewed in approximately 150 public meetings before the Authority Board and the TICAB, and in other local forums. A list of the public meetings is attached as Exhibit U.

T. This Development Plan summarizes the key policy goals, basic development guidelines, financial framework and other key terms and conditions that will form the basis for the negotiation and completion of the final Transaction Documents.

U. A draft of this Development Plan was presented to the Authority Board and the TICAB at a joint meeting on October 11, 2006. Attached as Exhibit V is a comprehensive set of responses to the comments that were provided at the joint meeting, including a description of the revisions that were made to the draft Development Plan and exhibits in direct response to the comments and recommendations.

V. On October 24, 2006, the TICAB voted 16-0-1 to endorse the draft Development Plan.

W. On October 30, 2006, the Authority Board voted 6-0 to adopt Resolution No. 06-59-10/30 endorsing the draft Development Plan.

X. On December 12, 2006, the Board of Supervisors voted 10-1 to adopt Resolution No. 699-06 endorsing the draft Development Plan, subject to the terms and conditions of Resolution No. 699-06. A copy of Resolution No. 699-06 is attached hereto as Exhibit W.

I. OVERVIEW

A. Project Guidelines.

The Authority and TICD have embarked on an iterative public planning and review process to create a mixed-use redevelopment project on Treasure Island and Yerba Buena Island (the "Project"). The planning effort includes an unprecedented level of community involvement and input, and is based on the goals, objectives and guidelines for the Project that are identified in the Reuse Plan, the RFQ, the RFP and the ENA. These documents, and the information obtained from the public, require the Project to comply with the Tidelands Trust, seismically stabilize the perimeter of Treasure Island, and provide extensive public benefits to the City such as significant amounts of new affordable housing, increased public access and open space, transportation improvements, and recreational and entertainment opportunities, while creating jobs and a vibrant, sustainable community. The Project has been structured to provide fiscal neutrality to the City's General Fund such that these extraordinary Project benefits can be delivered without negatively impacting the City's General Fund.

This iterative planning effort included significant interaction between TICD and interested members of the public, the Authority staff, the TICAB and the Authority Board. The extensive public participation process included approximately 150 public meetings, public workshops and design charettes, and resulted in a comprehensive conceptual development program that is articulated in separate plans for land use/open space, phasing and transition, infrastructure, affordable housing, sustainability, transportation, economic development and jobs, community facilities and emergency planning and preparedness. This Development Plan reflects TICD's and the Authority's commitment to the following principles within the context of an economically feasible Project that is reasonably flexible to respond to changes in the marketplace:

- Incorporate the housing, economic development, employment and support components of the TIHDI Agreement
- Demonstrate leadership in sustainable design and provide new benchmarks for sustainable development practices
- Establish the Property as a regional destination
- Create a unique San Francisco neighborhood that includes facilities and amenities necessary to support a diverse, thriving community, with a special emphasis on providing amenities for families and tools and services to facilitate community building
- Provide an affordable housing program that offers 30% of all residential units at below market rates

- Provide a comprehensive jobs and community development program that includes the creation of significant numbers of construction and permanent jobs
- Provide a new regional waterfront system of parks and public and open spaces on approximately 300 acres that is actively programmed with a variety of uses, including recreational, passive open space, arts, cultural and educational uses
- Implement an innovative transportation system that maximizes walking, bicycling and public transportation, and minimizes the impacts and use of private automobiles
- Provide a model of 21st century urban development that displays architectural and landscape design excellence befitting the Islands' history, location and prominence

B. Development Opportunities and Constraints.

The redevelopment of the Property presents many opportunities for its current and future residents and visitors. Opportunities include maximizing the production of housing, including affordable housing, on the Property to the greatest extent possible to create a new and vibrant City neighborhood, and creating approximately 300 acres of parks and public open spaces in the middle of San Francisco Bay. However, the redevelopment process presents numerous challenges that require many coordinated projects of significant scope. Further environmental review under CEQA and, if required, NEPA must occur, hazardous materials remediation must take place, and island-wide infrastructure and transportation systems must be significantly upgraded and replaced. Six of the most significant challenges are (i) the geotechnical and seismic conditions on Treasure Island, (ii) the application of the Tidelands Trust to Treasure Island, (iii) issues of access and transportation, (iv) environmental remediation, (v) terms of the Navy conveyance, and (vi) the economic feasibility of providing the level of infrastructure and public benefits necessary to achieve the Project guidelines and goals.

1. Geotechnical and Seismic Conditions. Treasure Island proper (excluding most of Yerba Buena Island) is comprised of artificially constructed lands that were created using non-engineered fill. As a result, unless substantial geotechnical and infrastructure improvements are made, Treasure Island is expected to perform poorly in a major earthquake. The primary geotechnical concerns from earthquake-induced hazards include soil liquefaction and lateral spreading. Thus, the Project has been designed to improve seismic safety and to meet all applicable building and seismic safety standards. The Infrastructure Plan referenced in Section IV.B below describes the various geotechnical techniques that will be employed to seismically stabilize the perimeter of Treasure Island and prepare the Property for development.

2. Tidelands Trust. The State Lands Commission considers certain uses as not permitted on Trust lands, such as residential, non-maritime industrial, general office, purely local-serving retail/commercial, school and certain recreation uses. Under certain circumstances, and upon State Lands Commission concurrence, the Tidelands Trust designation may be removed from Trust property in exchange for imposing the Tidelands Trust on other property that (i) is useful for Trust purposes, (ii) is equal to or of greater value than the property from which the Trust is removed, and (iii) satisfies certain other legal requirements. Under Senate Bill 1873, which the Governor signed into law on September 15, 2004, the California State Legislature authorized a Tidelands Trust Exchange for the Project. Because the Tidelands Trust generally does not apply to most of Yerba Buena Island, under the exchange, the Trust would be lifted from the portions of Treasure Island that are planned for residential and other nonpermitted Trust uses and imposed on portions of Yerba Buena Island that currently are not subject to the Tidelands Trust. A map showing the portions of Treasure Island that will be "freed" from the Trust and the areas of Yerba Buena Island that will be subjected to the Trust is attached as Exhibit C. Because the Act does not allow for the fee transfer of those portions of the Property that are subject to the Trust, certain portions of the Property that remain subject to the Trust will

be transferred under the Lease. In general, the Project anticipates that most of the lands “freed” from the Trust will be conveyed in fee to TICD as further described in this Development Plan.

3. Transportation. Issues of access and transportation are among the most critical considerations for the successful creation of a new community and regional amenity in the middle of San Francisco Bay. Currently, access to Treasure and Yerba Buena Islands is severely limited and only possible via the Bay Bridge (by car or MUNI bus service). In addition, the tremendous traffic volume on the Bay Bridge and the design of the connecting ramps from the Bay Bridge to Treasure and Yerba Buena Islands will mean that vehicular access will be expected to remain extremely constrained in the future. The access and transportation constraints are addressed in a comprehensive Transportation Plan described in Section V below.

4. Environmental Remediation. Under the BRAC, the Navy is obligated to assess and cleanup environmental contamination at NSTI under a regulatory process that includes oversight by the U.S. Environmental Protection Agency, the California Department of Toxics Substances Control and the California Regional Water Quality Control Board. The Navy must remediate areas affected by environmental contamination to achieve a level of clean-up necessary to achieve a Finding of Suitability to Transfer ("FOST") pursuant to federal law. However, even after the Navy satisfies its legal obligations to remediate the Property (whether undertaken by the Navy to FOST standards or pursuant to an Early Transfer with a payment or credit for the benefit of TICD for remaining work), the program described in this Development Plan and adopted in the Redevelopment Plan will necessitate additional environmental remediation beyond FOST levels at a cost of approximately \$28 million. It is anticipated that the presence of environmental contamination also will limit areas of development and allowable uses through deed restrictions and a risk management plan.

5. Navy Conveyance. As described in the Recitals, negotiations with the Navy regarding both an Economic Development Conveyance and an Early Transfer are on going. The Navy is also in the process of conducting an appraisal of the fair market value of the Property. For purposes of this Development Plan, the parties have assumed that the consideration to the Navy for the transfer of the Property will be in the form of relieving the Navy from its BRAC responsibility to complete the remaining environmental cleanup obligations pursuant to an Early Transfer at a cost of not more than \$40.5 million, but these terms have not yet been negotiated with the Navy. In addition to this amount, it is assumed that TICD will incur an additional \$28 million of environmental remediation costs to implement TICD's development plan.

6. Economic Feasibility. Unlike ordinary infill development within the City, the Property requires an unprecedented level of new infrastructure to be constructed to support the Project, including a disproportionate amount in the first phase of the Project. In addition, the Project guidelines call for extraordinary levels of public benefits and community facilities, including open space, affordable housing, and sustainable building practices. This Development Plan anticipates that the infrastructure, public benefits and affordable housing subsidies will be paid through a combination of private investment and land secured tax exempt financing, as more particularly described in Section XI below.

C. Development Phasing and Protections.

1. Phasing. The redevelopment of the Project will occur in phases, and the Authority will not be obligated to transfer portions of the Property to TICD until the satisfaction of certain conditions applicable to each phase of development. The Transaction Documents will require the redevelopment of the Property to occur in “Major Phases” in such order (including concurrently) as TICD and the Authority agree to in the Transaction Documents. At a minimum, the Transaction Documents will require TICD to complete within a specified period, infrastructure improvements during the first phase of the Project that include geotechnical and seismic stabilization of the perimeter of Treasure Island and the causeway and infrastructure and transportation expenditures. The phasing will allow early development of residential parcels on Yerba Buena Island, with subsequent development to occur first within the urban core of

Treasure Island around the Ferry Quay and radiating outward. Each Major Phase development will include an agreed upon share of the public benefits, including necessary infrastructure, open space, affordable housing, environmental remediation, community facilities and public services, all in accordance with the applicable plans negotiated as part of the Transaction Documents. The phasing will also carefully consider and address the needs of the existing tenants through construction mitigation measures and orderly development designed to minimize construction and relocation impacts to the extent feasible.

2. Protection of Entitlements.

a. Protection Against Changes to Redevelopment Plan. The Redevelopment Plan and the Transaction Documents will establish the full extent of TICD's rights and obligations for the redevelopment of the Project, subject only to limited negotiated exceptions. Without limitation, the Redevelopment Plan will set the full extent of development density and intensity, the maximum level of public benefits and subsidies, and the applicability of local laws, fees and exactions. The Transaction Documents will provide TICD with certain approval rights over amendments to the Redevelopment Plan or the Transaction Documents that would have a material adverse effect on the Project (including both vertical and horizontal development) or the rights and obligations of TICD or any vertical developer under the Redevelopment Plan and the Transaction Documents.

b. Protection Against Changes in Fees, Exactions and Laws. The parties acknowledge that the Project is intended to fully address the impacts of development on the Property and demands on public services by requiring the Project to construct and pay for an extraordinary package of public benefits well in excess of those that would be obtained through the imposition of existing City development fees and exactions. Such benefits include a contribution towards the construction of affordable housing of almost \$200 million (in addition to the inclusionary affordable housing provided by the Project), community facilities (including child care facilities), geotechnical and seismic stabilization of the perimeter of Treasure Island, transportation improvements and equipment, approximately 300 acres of parks and public and open spaces, sustainable building design, environmental remediation, and other benefits as further described in this Development Plan. The level of such benefits provided by the Project has been designed to avoid a negative impact on the City's General Fund. The Redevelopment Plan will fix the agreed upon development fees and exactions for the Project for a specified period of time and will limit the application of new fees and exactions and changes in City regulations over the life of the Redevelopment Plan. For purposes of this Development Plan, TICD has assumed that the only development fees and exactions applicable to the Project as of the effective date of the DDA will be the applicable building and construction-related permit and utility connection fees that are imposed City-wide, the applicable school impact fees that are implemented by the State, and a fee for public art for use on the Islands equal to 1% of hard costs for vertical improvement. The Project will be subject to applicable City laws and regulations as they exist as of the date of the adoption of the Redevelopment Plan, but only to the extent that such laws and regulations are not preempted by or otherwise inconsistent with the Redevelopment Plan, the Transaction Documents or applicable federal or state laws. The Redevelopment Plan will include certain limits on the City's and the Authority's ability to impose new or amend City laws and regulations that would have a material adverse effect on the Project (including both vertical and horizontal development) or the rights and obligations of TICD or any vertical developer under the Redevelopment Plan and the Transaction Documents.

D. Assumptions Underlying the Development Plan.

The parties acknowledge that the goal of this Development Plan is to achieve a balance between the public policy objectives of the Project (as set forth in the Reuse Plan, the RFQ, the

RFP, the ENA, the TIHDI Agreement and this Development Plan) and TICD's need for a reasonable market return on its investment. After execution of this Development Plan and during the remaining term of the ENA, the parties will negotiate in good faith to complete final Transaction Documents and a final development program that provide a level of public benefits substantially consistent with the Development Plan and achieve TICD's reasonable market return. Without limiting the foregoing, TICD has made key assumptions as to the financial feasibility of the Project based upon the level of public benefits and private development rights described herein. If, prior to entering into the DDA, circumstances arise as to change the key assumptions hereunder, there may be a material adverse effect on TICD's ability to achieve its reasonable market return and the Project's ability to finance the level of public benefits described in this Development Plan. If, prior to entering into the DDA, any of the key assumptions prove to be materially different such that the costs of development would be materially increased, the rights of TICD or the other developers to develop the Property would be materially decreased, or the land value for vertical sales would be materially decreased, then the parties will negotiate in good faith for the remaining term of the ENA to reach a fair and balanced agreement that provides TICD with its reasonable market rate return and the City and the Authority with an appropriate public benefits package that achieves the public policy objectives for the Project.

II. LAND USE

A. Conceptual Land Use Plan.

During the extensive public planning process, the Authority and TICD formulated a Land Use Plan that is based on the Reuse Plan, the RFQ, the RFP and the ENA. The Land Use Plan has undergone significant revisions and refinements to address comments received from various stakeholders during the planning process. The guiding principles of the Land Use Plan are to:

- Create dense development located around a multi-modal transportation hub, including a newly created Ferry Quay on the west side of Treasure Island
- Create an island gateway and heart with the most intense residential density and the majority of commercial uses focused on the western shore to capitalize on the spectacular views to San Francisco as a public resource
- Organize buildings, streets and open spaces to respond to Treasure Island's unique microclimate of wind, sun and fog, accomplished, in part, by shifting the conventional street grid to orient certain streets due south
- Create a compact neighborhood with public spaces and land uses that are organized to encourage walking, bicycling and public transit and discourage the use of private automobiles
- Establish Treasure Island as a vibrant commercial and visitor destination, including encouraging arts, cultural, entertainment and educational uses, that serve as both an amenity for San Francisco residents and a destination for nonresidents
- Deliver a comprehensive network of new parks, open spaces and recreational opportunities that is unprecedented in San Francisco since the creation of Golden Gate Park
- Include enough residential density to create a sustainable and self-sufficient community that supports neighborhood serving retail, community facilities, and transit infrastructure and service
- Establish new businesses on the Islands to support a jobs-housing link
- Redevelop Treasure and Yerba Buena Islands to be a leading example of environmentally sensitive and sustainable master planned development

- Identify opportunities, to the greatest extent feasible, to integrate effectively the existing Department of Labor Jobs Corps campus into the new community both physically and programmatically
- Create a mixed-income community that is family-friendly and makes a significant contribution to the City's need for affordable housing
- Integrate public and private art and art programming opportunities throughout the Project
- Maximize opportunities to reuse key historic buildings

The three main components of the Land Use Plan are (i) residential, (ii) open space and recreation, and (iii) commercial, mainly retail, hotels/timeshares and restaurants, but also including community, cultural, education and arts. The Land Use Plan also contemplates construction of a 400 slip marina that will be developed under a separate agreement as described in Section II.A.4 below. An illustrative Zoning Map and Description is attached as Exhibit D. The Design Concepts and Strategies set forth in Exhibit E, attached hereto, provide the design framework for the Land Use Plan and three dimensional design principles that will guide further development of the Land Use Plan through negotiation of the Transaction Documents. The Land Use Plan and the Design Concepts and Strategies are intended to be flexible and adaptable enough to allow the Project to respond to future conditions. As the parties further refine the Land Use Plan during negotiation of the Transaction Documents, the locations and amounts of some of the proposed uses may change for reasons such as the need to address geotechnical site conditions, to strategically locate new development and to provide reasonable market rate economic returns from development. However, the main components of the final Land Use Plan generally will be consistent with the following:

1. Residential. The residential component will involve the creation of a new San Francisco neighborhood with approximately 6,000 residential units appealing to a diverse mix of people, including young workers, families with young children, established families, and seniors. The residential units will consist of affordable and market rate units, both rental and for sale. The units will represent a diversity of product types such as town homes, low-rise and attractive mid-rise and high rise buildings, including a tower evocative of the historic Tower of the Sun. Approximately 5,700-5,850 units are planned for Treasure Island and approximately 150-300 units are planned for Yerba Buena Island.

The residential program will reflect the best of San Francisco living including neighborhood parks, a diverse mix of people and homes, pedestrian-friendly streets, housing within 10-12 minutes from ferry and other transportation service, shops and restaurants, sun-filled, wind-protected open areas, an accessible waterfront setting with spectacular views, and a dense, compact and sustainable development.

Affordable units generally will be disbursed across housing product types and throughout the Project to create neighborhood residential diversity. The affordable housing program will include a range of unit types with a distinct focus on creating family housing. The Housing Plan is discussed in more detail in Section VII below.

2. Open Space and Recreation. The Project will create a model for urban open space reflective of its magnificent location. The open space and recreation element will (i) create a carefully balanced mix of active and passive programming, (ii) activate the waters edge, (iii) provide a diverse mix of urban plazas and parks, (iv) provide active recreation for residents and visitors, (v) provide the opportunity to create a destination for arts and arts programming, and (vi) be a model for sustainable development practices and a demonstration of place-making that is responsive to environmental conditions. The open space and recreation will be developed in phases. The program will include approximately 300 acres of public access, parks, open space and shoreline improvements, including:

- A shoreline path around the perimeter of Treasure Island that (a) connects to a new pedestrian and bicycle path that is proposed for the new eastern span of the Bay Bridge to extend the Bay Trail to Treasure Island, and (b) is capable of connecting to a pedestrian and bicycle path on the western span of the Bay Bridge should such a path be added to the Bay Bridge
- A Great Park, including stormwater wetlands, passive open space, sailboarding launches and space for a non-profit funded and operated environmental education center
- Neighborhood parks (including playgrounds) and a gracious public realm that connects these parks together as well as to primary nodes of resident and visitor activity
- Off-leash dog park areas
- Spaces throughout the Project for public and private, permanent and temporary, art installations including, but not limited to, a Cityside art park on the western shoreline of Treasure Island, and spaces that accommodate festivals, other special events and visiting artist programs
- A demonstration urban farm and park that can be a new model for park space by both producing food, flowers, or flora used to landscape the Islands and serving as a teaching tool linked to environmental educational programs on and off the Islands
- Regional opportunities for outdoor recreation, including baseball and softball fields, playing fields for soccer, rugby and other field sports, and outdoor sports courts, such as basketball courts
- Yerba Buena Island open space, including a hilltop park, trails connecting the hilltop park to the shore and Treasure Island, improved natural areas, a Clipper Cove beach and the Nimitz gardens
- A new pedestrian promenade along the Clipper Cove marina
- A sailboarding launch area
- A Ferry Quay plaza and breakwater
- A Clipper Cove plaza that will accommodate live public performances
- An active public space linked to Pier 1

There is a range of possible additional open space and recreation improvements that may be constructed as part of the Project. The Authority and TICD will work together to identify potential sources of funding other than those set forth in the Financing Plan to pay for these additional improvements (such as private foundation and non-profit grants, state bonds and state and federal grants). Possible additional open space and recreation improvements include an indoor gymnasium or recreation center, outdoor sports courts, and the buildout of the Treasure Island Sailing Center, the Environmental Education Center and the Community Gardens for which TICD is providing Developable Pads in accordance with Section X.E.3. In addition, land located on the eastern shore of Treasure Island near the wastewater treatment facility would be available for creation of a tidally-influenced marsh should sufficient non-Project generated monies be obtained to fund the improvements in a manner that does not create or exacerbate adverse environmental conditions, or adversely impact the integrity of the seismic reinforcement of the seawall or the core utilities.

3. Commercial. The commercial component includes (i) approximately 250,000 square feet of retail space that is primarily concentrated and organized as a main street between the Ferry Quay/Transit Hub and the Clipper Cove plaza, (ii) additional retail elements in

Building One and along the expanded Clipper Cove Marina, (iii) approximately 400-500 hotel rooms, which may include one or more full-service hotels, a wellness lodging center, and one or more boutique time-share hotels, (iv) health, education, cultural, environmental and job-training facilities, (v) commercial, retail, cultural, entertainment, recreation, service or arts uses in the historic former seaplane hangars (Buildings Two and Three), (vi) adaptive reuse and preservation of Building One in a manner consistent with the Secretary of the Interior Standards for Historic Rehabilitation (the "Secretary Standards"), and (vii) preservation of Buildings Two, Three, the Great White structures on Yerba Buena Island and other historical buildings to be performed in conjunction with economically feasible adaptive reuse and in a manner consistent with the Secretary Standards. Certain hotel facilities that are mutually agreed upon in the Transaction Documents may include fractional interest or timeshare units, provided, however, that if the time-share facilities are constructed on land that is encumbered with the Trust, such occupancy must be permitted under the Tidelands Trust. To the extent that any timeshare/fractional interest units are not treated as transient rooms subject to the City's Transient Occupancy Tax ("TOT"), TICD will cause the payment of an in lieu fee equivalent to the foregone TOT for such units.

The retail program is designed to provide an authentic retail experience with neighborhood serving retail, visitor serving retail, restaurants and entertainment venues, a regional destination for arts and recreation, and access to great open spaces in the Bay. Great attention will be given to creating a space of high quality and character that will attract San Franciscans as well as people from the region and beyond. TICD will be required to construct neighborhood serving retail in appropriate amounts to serve each phase of residential development, with particular attention paid to the early phases that serve existing and future residents and create a sense of community. Because of the importance of providing sufficient neighborhood serving retail to enable the community to be self-sufficient, the Project will include a grocery store or market of sufficient size and with sufficient grocery items to meet the anticipated needs of the residents of the Islands. The grocery store will be sited in a manner as to allow an expansion of the market to the extent such expansion is supported by market conditions.

4. Marina. The Authority has entered into an Exclusive Negotiating Agreement and endorsed a Term Sheet with Treasure Island Enterprises, LLC ("TIE") for redevelopment and expansion of the Clipper Cove Marina (the "Marina Project"). The general location of the Marina Project is shown on the illustrative Land Use Plan. The Term Sheet describes the plans for the waterside component of the Marina Project, including permanent waterside improvements for a 400 slip marina, a floating breakwater/public pier, temporary walkway and landscaping, temporary parking or loading zones, dredging in Clipper Cove and the phased demolition of the existing Marina. The Term Sheet also describes the landside services necessary to support the Marina, which will include a restroom, shower, laundry facilities and other improvements provided for the use of Marina tenants. The landside services will be incorporated into the overall Land Use Plan for the Property at the expense and responsibility of TIE. A copy of the conceptual land use plan for the Marina Project is attached as Exhibit G.

As part of its horizontal development obligations, TICD will work with TIE to provide a Developable Pad on the landside of the Marina for the Treasure Island Sailing Center facility. The location, size and other details regarding the Sailing Center's Developable Pad will be described more specifically in the DDA.

The Marina Project will be developed as a separate but collaborative project of TIE unless and to the extent TIE, the Authority and TICD agree to the contrary, each in its sole and absolute discretion.

5. Visitor and Tourist Attractions. The development program for the Project includes many elements that are designed not only to create a vibrant and sustainable residential community on the Islands, but also to make the Islands an attractive destination for visitors and tourists. The diverse array of Project improvements and amenities should offer something to

attract a variety of visitors. The development of a unique and authentic visitor experience on Treasure Island accomplishes many important goals, including furthering the objectives of the Tidelands Trust, supporting on-Island businesses and creating jobs that help mitigate the economic impacts of the closure of NSTI.

6. Submerged Lands. Upon conveyance of the Property to the Authority, the Authority will retain title to the Submerged Lands; provided, however, the Authority will grant to TICD a permit to enter the Submerged Lands to the extent necessary to construct the perimeter seismic stabilization of Treasure Island and other maritime-related improvements.

B. Urban Design Concepts.

In addition to the guiding principles of the Land Use Plan previously outlined and the Design Concepts and Strategies attached as Exhibit E, a substantial level of conceptual design has occurred at this stage of the Project and provides a framework for the three dimensional urban design for the Project. The following concepts illustrate the intended design character of the proposed Project, but are not yet intended to serve as formal design guidelines. These principles, concepts and strategies will be further refined for inclusion in the Design for Development Document that will be attached to the DDA.

1. Treasure Island. Treasure Island will contain several key districts, including a dense mixed use urban core, which will serve as both the heart and the gateway to Treasure Island. Other distinct districts will include residential neighborhoods, Clipper Cove and the Great Park. The urban design of Treasure Island will be guided by the following principles:

- Treasure Island will be developed with a diverse array of buildings and structures exhibiting a diversity of high quality architectural design befitting the location, prominence and history of the Island and the City of San Francisco.
- The development of well-designed architecture will serve the equally important principle of creating a lively and attractive public realm of active streets, plazas and parks.
- A diversity of building heights will be established with the tallest and most dense buildings located closest to the Island heart and Transit Hub, including a high rise building evocative of the historic Tower of the Sun.
- Individual neighborhood blocks will consist primarily of dense, low rise structures punctuated by mid-rise neighborhood towers serving as neighborhood markers generally located north of neighborhood open spaces.
- Mid-rise and high rise buildings will be designed to achieve high efficiency ratios (subject to maximum floor plates to be agreed upon in the Transaction Documents) while appearing graceful and visually light, and will be spaced to enhance and preserve views while forming a dramatic and dynamic skyline from all key angles, but especially from San Francisco and the East Bay.
- The ground floors of buildings located along primary pedestrian ways will present active uses to the street level (such as residential units or residential entrances, shops or community facilities). Parking will be wrapped or screened and will be minimized as part of the visual landscape. Blank walls will be kept to a minimum.
- A unique open air, pedestrian-oriented retail street will stretch from the Ferry Quay to the new Clipper Cove plaza. Portions of the retail street will be covered by an attractive and architecturally prominent roof structure that will provide wind protection. The commercial and retail areas will be authentic and of high quality and character.

- Residential and commercial structures will be constructed in accordance with the principles set forth in the Sustainability Plan.
- A grand public entry to the Island will be created through the renovation and landscaping of Building One, and the construction of the new Ferry Quay/Transit Hub and the retail street.
- A network of spaces designed to support permanent and temporary art installations will be created throughout the Project, including but not limited to the Cityside/Art Park, as well as the integration of art via street furniture, bus shelters, warming huts, public spaces and structures and other opportunities, with the intention to establish the Islands as a destination.
- Blocks will be parcelized into smaller lots, and building massing will be modulated in accordance with the human scale and facades will be articulated to create variation in the streetwalls and visual interest.

2. Yerba Buena Island. The Land Use Plan will allow for the development of Yerba Buena Island with approximately 150-300 residential units, a wellness lodging facility and rehabilitation of the historic Great White structures (phased to account for Caltrans' completion of the portion of the construction of the new eastern span of the Bay Bridge that impacts the Great White structures). In addition, portions of Yerba Buena Island's native habitat will be improved with hiking trails and a hilltop park. Key urban design concepts guiding development of Yerba Buena Island include the following:

- Cluster development on Yerba Buena Island and establish new residential uses primarily on the site of existing housing pads.
- Development will be predominantly low-rise and will be designed to preserve views from the hilltop park. New structures will be designed to blend in with Yerba Buena Island's natural conditions, and will not restrict public access to the hillside open spaces and trail network.
- The siting of new structures on the Island will be sensitive to the dramatic sculptural form of Yerba Buena Island and complement the new urban form of Treasure Island.

C. Redevelopment Plan.

The proposed Land Use Plan requires further environmental review under CEQA and, if necessary, NEPA, as well as other regulatory and governmental approvals. Ultimately, the Authority, the Planning Commission and the Board of Supervisors will approve a Redevelopment Plan for the Property. The Redevelopment Plan will define the boundaries of the project area and set forth land use guidelines for the plan area such as the basic land use designations and allowable land uses.

In addition, the Redevelopment Plan will incorporate the following planning related documents:

1. Design for Development Standards. The Redevelopment Plan documents will include a Design for Development Document (the "Design for Development"), which builds upon the concepts and strategies outlined in the Design Concepts and Strategies attached as Exhibit E. The Design for Development will include form-based zoning that reflects the urban design concepts described above. The Design for Development will establish specific land use controls and design standards for the life of the Redevelopment Plan, which govern maximum development, height, bulk, tower separation, coverage and streetwall, open space, sunlight and wind, street system, view corridors, and parking and loading plans. The Design for Development also will include detailed design standards and guidelines for the various development and open

space areas within the Property. The Redevelopment Plan and the DDA will require application of the Design for Development to all new construction and development.

2. Design Review and Document Approval Procedure. The Redevelopment Plan and/or the DDA also will include a Design Review and Document Approval Procedure (the "DRDAP") for each phase of horizontal development and for all of the vertical development. The DRDAPs will describe the approval process for major infrastructure, development phases and specific building projects within those phases, including the manner in which TICD and other developers will provide drawings, elevations, models and other depictions of the design and construction details for development, the approval standards and response times for the Authority, and dispute resolution mechanisms.

Under the DRDAP for horizontal development, the Authority will establish a procedure to approve the design and the plans and specifications for the horizontal development, including creation of a horizontal development task force to coordinate and expedite the necessary approvals under the DRDAP for horizontal development. There will also be a vertical DRDAP. An express goal of the vertical DRDAP will be to implement the urban design concepts outlined above, particularly the requirements for a high quality public realm, and high quality architecture and architectural diversity. The Authority's approval rights under the DRDAP, both horizontal and vertical, will be held to a reasonableness standard and limited to a determination of consistency with the Design for Development standards, compliance with other Redevelopment Plan elements, satisfaction of CEQA mitigation measures and similar matters.

Key elements of the DRDAP will include the following:

a. Major Phase Applications. Before any tentative subdivision maps or vertical development projects may be approved for a particular Major Phase, the horizontal developer must submit a Major Phase Application for the reasonable approval by the Authority. The Major Phase Application will provide conceptual designs for site design, street layouts, public open space, infrastructure layout, sustainability measures, building footprints, and maximum building massing and heights, all as consistent with the Design for Development. The Major Phase Application must also catalogue all applicable CEQA mitigation measures and the process for implementation of such measures. The DRDAP will provide that the Authority will not disapprove a particular aspect of conceptual design if the Authority had previously approved such aspect in a pending or previous Major Phase if applicable.

b. Schematic Design Application. Once a Major Phase Application is approved, the vertical developer must submit Schematic Design Applications for buildings. Each building (or in the case of smaller structures or town homes, each cluster of such smaller structures) will require a separate Schematic Design Application to be reviewed and approved by the Authority. To facilitate architectural diversity, schematic designs for buildings will be designed by a variety of design architects and, at a minimum, no single architectural firm will design more than 50% of individual buildings (or clusters of smaller structures) in a single Major Phase. The Schematic Design Application will include site plans, sections, elevations, renderings, landscape plans, and exterior material samples to illustrate the overall concept design of the proposed buildings. The Schematic Design Application will also need to discuss how the design will meet the green building standards defined for the Project in the DDA.

c. Design Development Drawings. After Schematic Design approval, the vertical developer must submit a set of Design Development drawings, which may be prepared by the vertical developer's production architects. These drawings must be deemed complete before the vertical developer may submit a building permit or site permit application. The Design Development drawings will require staff approval to assure that the working architectural drawings are consistent with the approved Schematic Design. The Design Development drawings are more extensive than the site permit

requirements and require initial working plans for structural systems, floor plans, architectural designs, and a systematic design of the building's mechanical, electrical and pumping systems. These plans also will be reviewed by staff qualified to assess compliance with the green building standards and familiar with the Schematic Design approval to maintain consistency of the design process.

d. Permit Drawings. Each building permit application submitted to the Department of Building Inspection ("DBI") also will be forwarded to assigned Authority staff familiar with the development applications leading to the building permit, including staff qualified to assess compliance with the green building standards and familiar with the Schematic Design and Design Development approval to maintain consistency with the design process. The role of this review is not to supersede the DBI process, but to ensure that the building design remains consistent with the approved Schematic Design and Design Development drawings and to approve and expedite the resolution of any remaining design details or conditions of previous approval actions. Permits for any vertical development will be conditioned upon the construction of that portion of the Major Phase's horizontal infrastructure serving that particular vertical development necessary to prepare the vertical site for foundation work. Certain aspects of the horizontal infrastructure in any Major Phase will await completion until after vertical work is commenced or completed as agreed upon by the parties in the Transaction Documents.

3. **Interagency Cooperation Agreement.** The Authority and the City will enter into an Interagency Cooperation Agreement to facilitate implementation of the Redevelopment Plan for the Project. The Interagency Cooperation Agreement will set forth a framework for cooperation between the Authority and the City in administering the process for control and approval of subdivisions, building permits and all other applicable land use, development, construction, improvement, infrastructure, occupancy and use requirements. The Interagency Cooperation Agreement also will establish policies and procedures governing such Project approvals, including time limits for approval and processing to expedite review.

D. **Horizontal Land Development Model.**

The redevelopment of the Property is structured on a "horizontal" land development model. Under this model, land is the asset that is being improved and sold, not buildings. The transaction structure is designed to transform the Property into parcels that are improved with streets, sidewalks, parks, infrastructure and certain community facilities (*i.e.*, the horizontal development).

1. **TICD's Role.** TICD will be responsible for the horizontal land development process of converting the Property to improved development lots in accordance with the phasing concept discussed in Section III below. TICD and its affiliates also will participate in the actual vertical development of those lots for the uses set forth in the Land Use Plan, as described further in Section II.D.4 below.

2. **Horizontal Land Development.** TICD will be responsible for providing, or causing to be provided, the horizontal infrastructure for the Project, including building the infrastructure and otherwise preparing the land for development. The Transaction Documents will describe those elements of the horizontal development that TICD may transfer to the vertical developer. Specifically, to the extent that improvements are required for a specific Major Phase or to the extent such obligations are not transferred to the vertical developer, TICD will, among other things, (i) secure all regulatory approvals, permits and other entitlements necessary to complete the proposed horizontal development, (ii) complete all required land planning, (iii) complete the necessary demolition and deconstruction described in the Infrastructure Plan, (iv) complete the Navy's environmental remediation obligations to the extent not completed by the Navy, in accordance with standards established pursuant to a binding agreement among the Authority, TICD, the Navy and applicable regulatory agencies having jurisdiction over the

Property, (v) complete any additional environmental remediation required by applicable regulatory agencies having jurisdiction over the Property, (vi) complete the geotechnical and infrastructure improvements described in the Infrastructure Plan, (vii) perform the necessary land grading described in the Infrastructure Plan, (viii) complete the parks and open space improvements described in the Infrastructure Plan and Land Use Plan, (ix) complete the community facilities described in the Community Facilities Plan, (x) complete the transportation improvements described in the Transportation Plan, (xi) prepare the improved affordable housing Developable Pads for delivery to TIHDI and the Authority in accordance with the Housing Plan and the TIHDI Agreement, (xii) comply, or make provision for the vertical developers to comply, with the requirements, standards and criteria outlined in the Sustainability Plan, and (xiii) otherwise perform the obligations of TICD described herein. TICD will complete the horizontal development in accordance with a Schedule of Performance for horizontal development that is consistent with the Phasing Plan described in Section III below.

3. Vertical Development. In conjunction with TICD's completion of the horizontal development requirements for each Major Phase of development, the improved parcels will be subdivided into marketable lots or blocks and, subject to the requirements of the Transaction Documents, either (i) sold at fair market value to qualified vertical developers (including TICD and its affiliates) for the vertical development of the residential and commercial uses set forth in the Land Use Plan and the final Transaction Documents, (ii) transferred to the Authority or TIHDI for affordable housing development, or (iii) retained by the Authority and/or dedicated to the City for affordable housing, open space, community facilities and other public uses. All vertical development at the Property will comply with the Redevelopment Plan and related Plan documents, the Design for Development, the DRDAP for vertical development, applicable land use regulations adopted as part of the Redevelopment Plan and its exhibits, building codes, and the terms of applicable Transaction Documents.

4. TICD's Share of Vertical Development. To the extent TICD and affiliated companies participate in the vertical development of the Property, they will pay full fair market value for the land, just as any third party developer would, pursuant to an appraisal process to be set forth in the DDA. TICD affiliates also must have similar creditworthiness and development experience as will be required of third party developers under the DDA.

TICD and its affiliates will have the right, but not the obligation, to develop 100% of the vertical commercial development, including the hotels.

TICD's right to construct the vertical residential development will be structured to accomplish the following objectives: (i) implement the urban design concepts for the residential component described above, particularly the requirements for high quality architecture and architectural diversity, and (ii) provide adequate benchmarking of each product type for the appraisal process described above to ensure that the land for the vertical residential development is transferred at fair market value. As a mechanism to accomplish these objectives, the DDA will allocate development of the market rate residential units as follows:

- Pads for at least 20% of the market rate residential units (the "20% Auction Pads") will be sold via a blind auction or other mutually agreeable process. Acceptable bidders will be reasonably pre-qualified by the Authority and TICD pursuant to an RFQ or other mutually agreed upon process to be established in the DDA. Prior to the close of escrow under the DDA for each Major Phase, TICD and the Authority will (1) identify the locations of the 20% Auction Pads in such Major Phase in order to accommodate the benchmarking objective for each product type and (2) agree on a minimum bid price for each 20% Auction Pad in such Major Phase, which unless otherwise agreed by the parties, will be no less than the price for such product reflected in TICD's pro forma, as updated prior to the close of escrow for such Major Phase. The DDA will set forth an appraisal process or other mutually agreed upon dispute resolution process that will be

invoked if the parties are unable to agree on a minimum bid price for the 20% Auction Pads. TICD and its affiliates will have the right to bid on a 20% Auction Pad only if no qualified third party bids are received at or above the minimum bid price. If TICD or an affiliate is the successful bidder for any 20% Auction Pads, such pads will not count against the percentages allocated to TICD or its joint venture partners as described in the following two bullet points.

- Pads for up to 20% of the market rate residential units (the "20% JV Pads") may be sold at full fair market value determined by appraisal or as otherwise mutually agreed, but without an auction, to joint ventures in which TICD and its affiliates have no more than a 50% ownership interest and under which the non-affiliated joint venture partner exercises management control as the "managing partner" of the joint venture over the design and construction phase, provided that TICD and its affiliates will be able to exercise management control over the marketing and sale of the completed residential units. Prior to the close of escrow under the DDA for each Major Phase, TICD and the Authority will identify the locations of the 20% JV Pads in such Major Phase.
- Pads for up to 60% of the market rate residential units may be sold to TICD and its affiliates at full fair market value determined by appraisal or as otherwise mutually agreed, but without an auction.

The architectural diversity objective will be addressed further through the DRDAP as described in Section II.C.2.b above.

The DDA also will provide that the sale of all lots will include a participation feature for the residential and commercial vertical development such that any profits above a mutually agreed return threshold (the "Hurdle Rate") will be shared between horizontal and vertical development consistent with the market for large scale master planned communities at the time of lot sale. The Authority's share of horizontal profits will include this participation as more particularly described in Section XI.C.2. Prior to close of escrow for each Major Phase, the Authority and TICD will agree on the Hurdle Rate for each product type in such Major Phase. The form of the Vertical DDA will include a mechanism to adjust the Hurdle Rate, subject to the consent of the Authority in its reasonable discretion, prior to close of escrow for the development parcel to the extent reasonably required to reflect material changes in market conditions.

To the extent TICD does not participate in certain elements of the vertical commercial development in the Project, the DDA will include a commercially reasonable non-compete provision relating to the hotels, the historic hangars (Buildings Two and Three), and other commercial product types agreed upon in the DDA. The DDA will also include non-compete provisions relating to those areas of the Job Corps site that become subject to the ownership, jurisdiction or regulatory authority of the Authority or the City. The non-compete provisions will allow the Authority to maximize economic development opportunities and other public benefits from the development of the applicable parcels without economically impairing TICD's pro forma return from such development or materially interfering with the uses developed by TICD or the vertical developers.

If the Authority acquires any portion of the Job Corps campus identified in Exhibit F, attached hereto, TICD will have a right of first refusal to acquire such property on the terms and conditions to be negotiated in the Transaction Documents.

III. PHASING

A. Phasing Principles.

The DDA will contain a Phasing Plan that will allow for development of the Islands to occur in phases. Development under the Phasing Plan will allow early development of residential pads on Yerba Buena Island and will require initial infrastructure improvements necessary to seismically stabilize the perimeter of Treasure Island and the causeway along with development within the urban core of Treasure Island around the Ferry Quay in the first Major Phase. Subsequent development phases will radiate outward from the urban core in conjunction with appropriate amounts of open space and related infrastructure. The Phasing Plan is intended to allow TICD to achieve an economically feasible Project while balancing a number of competing interests, including (i) retention of existing housing for as long as reasonably possible to avoid housing interruption, (ii) creating a vibrant new community and delivering significant community benefits as early in the Project as economically feasible, (iii) maximizing the value of the Project in order to maximize the community benefits that the Project can deliver, and (iv) adjusting Project phases to respond to market conditions, cost and availability of financing and the goals of economic feasibility. The Phasing Plan also must be sensitive to a number of factors, including (1) the expected timing of the Navy's transfer of the Property and hazardous material remediation, (2) the existing residents, (3) the need for continued utility and other services for existing housing and facilities, (4) the need for revenue generating uses in early phases of the Project, (5) the likely commencement of construction during geotechnical stabilization activities, (6) the need for off-site utility upgrades, (7) the recognition of existing onsite revenue producing uses and open space activities, and (8) the ongoing construction of the new eastern span of the Bay Bridge.

The final Phasing Plan will be developed in accordance with the following guiding principles:

- The first phase of horizontal improvements will focus on infrastructure improvements that will protect public safety, establish reliable utility services, and create the framework for subsequent vertical construction. This includes:
 - Geotechnical Improvements and Seismic Stabilization
 - Wastewater Treatment Plant Upgrades
 - Backbone Infrastructure
 - Ferry Quay and Transit Facilities
 - Off-Site Utility Improvements that Serve the Islands
 - Environmental Remediation
- The first phase of vertical construction will focus on land uses that exemplify the new Treasure Island Community and create an early sense of place and distinctive destination. This includes:
 - Diversity of Housing including Affordable Units
 - Retail Uses, including Neighborhood Serving Retail
 - Transportation and Transit Facilities
 - Parks and Open Space
 - Key Community and Public Facilities
 - Building One Welcome Center
- Affordable housing will be phased in consistent w/the Housing Plan such that approximately 30% of all units will be affordable units during each phase.

- Geotechnical and seismic stabilization occurs as part of initial site preparation, before any new vertical construction, to protect the existing housing and provide emergency access routes.
- Infrastructure and public facilities are phased with new development and provide continuous, reliable service to existing residents and businesses.
- Residential and commercial uses will be phased consistent with reasonable market absorption timelines.
- Housing opportunities are available for current residents prior to the deconstruction of existing residential units. Most existing housing on Treasure Island will be retained until the last phase to enable phased construction of replacement homes and to maintain the revenues necessary to fund infrastructure and community benefits.
- Open space and recreational uses will be developed proportionally with housing and commercial uses. The Great Park will be in the last phase to allow for retention of existing housing until that time.
- Key sustainability elements will be implemented as early as possible, and development will be consistent with the principles established in the Sustainability Plan.
- Select community facilities, outlined in the Draft Community Facilities Plan, will be established in the initial phases of the development including recreation facilities and open space, neighborhood-serving retail, transportation infrastructure and coordinator, neighborhood reading rooms, and community spaces for varied programs.
- Community facilities for children, youth and seniors will be phased in at points that reasonably support the population and household mix, with specific timing outlined in the DDA.
- Parking facilities, either surface lots or structures, will be phased and developed to support related land uses.
- Construction impacts on existing residents and businesses will be minimized to the extent feasible. Proposed measures include transportation of equipment and materials by water/barge to Pier One, establishment of construction staging areas and the use of buffer zones and temporary landscaping features.

B. Horizontal Phasing.

1. Illustrative Phasing Plan. The horizontal improvements will be developed in four Major Phases that are tiered off of each other. The DDA will include milestones for each Major Phase that describe the general amount and product type of the vertical development within each Major Phase. Subject to the horizontal Schedule of Performance described below, the DDA will provide TICD with flexibility, subject to the Authority's reasonable consent, to adjust the milestones and/or the order of development to adapt to changing market conditions, construction issues or as otherwise reasonably agreed upon by the parties. An illustrative Phasing Plan that is based on the Land Use Plan is attached as Exhibit H. The Phasing Plan is illustrative only and will be modified in the final DDA. Phase 1 will involve the geotechnical and seismic stabilization of the perimeter of Treasure Island and the causeway as more particularly described in the Infrastructure Plan. Phases 2, 3 and 4 will create the backbone infrastructure, development parcels and Developable Pads to support the vertical development, as more particularly described in the Infrastructure Plan. At the first close of escrow under the DDA, the Authority will convey to TICD the Property necessary for both Phase 1 and Phase 2. The portions of such Property that are subject to the Tidelands Trust will be conveyed under a

Lease and the portions of such Property that are free of the Tidelands Trust will be conveyed in fee; provided, however, that the Authority will grant TICD a Permit to Enter for any portions of the Property that will be retained by the Authority but on which TICD is obligated to construct public improvements such as streets, wet and dry utilities, open space and perimeter stabilization. TICD will construct the horizontal development for each Major Phase after the close of escrow for such phase. Prior to close of escrow for each Major Phase, the Authority and TICD will agree on the locations of the 20% Auction Pads, the 20% JV Pads, the Developable Pads for the New TIHDI Units and the Authority Units, the Hurdle Rate for vertical development and the order of development for such Major Phase.

2. Horizontal Schedule of Performance. The DDA will include a Schedule of Performance for the horizontal improvements within each Major Phase that includes an outside date for close of escrow, a start date to commence the horizontal improvements and a development period to complete the horizontal improvements within each Major Phase. Each date in the Schedule of Performance may be extended for traditional events of force majeure, litigation force majeure, and economic force majeure, each of which will be further defined in the DDA. The maximum periods of force majeure extensions that are available for each Major Phase will be set forth in the DDA. The DDA also will provide TICD with the opportunity to purchase certain limited extensions to the horizontal Schedule of Performance in the event no force majeure extensions are available. As a condition to close of escrow for each Major Phase, TICD shall be required to provide the Authority with a performance bond, completion guaranty or other security reasonably acceptable to the Authority and more particularly described in the DDA, to guaranty TICD's performance of its obligations to build the horizontal improvements.

a. Authority Remedies. The DDA will provide the Authority with appropriate remedies for TICD's defaults including, but not limited to, a TICD default that results in the failure to close escrow or its failure to complete the horizontal development in accordance with the horizontal Schedule of Performance for each Major Phase. Such remedies will, in certain circumstances and subject to certain conditions, include granting the Authority rights to terminate the DDA and rights of reverter.

b. TICD Remedies. The DDA will provide TICD with appropriate remedies for the Authority's defaults including, but not limited to, an Authority default that results in the failure to close escrow or its failure to perform its obligations under the DDA with respect to tax exempt financing.

C. Vertical Phasing.

1. Vertical DDA. Each of the vertical developers, including TICD and its affiliates, will be required to enter into a Disposition and Development Agreement for Vertical Construction or, in the case of Property that is subject to the Tidelands Trust, a Lease Disposition and Development Agreement for Vertical Construction (the "Vertical DDA"). The Vertical DDA will include the relevant obligations under the DDA to the extent that they apply to the development parcel in question, including a vertical Schedule of Performance, an allocation of the inclusionary affordable housing, economic development, sustainable building standards, community facilities and other obligations, and remedies, including appropriate mechanisms to ensure completion of the vertical development. The forms of the Vertical DDA (for both the Trust-encumbered portions of the Property and the portions of the Property that are free of the Trust) will be attached as exhibits to the DDA. The remedies for failure to complete vertical development according to the applicable schedule of performance shall in certain circumstances and subject to certain conditions include termination of the Vertical DDA and rights of reverter as set forth in the Vertical DDA.

2. Phasing Mechanisms.

a. Residential. During each Major Phase, upon satisfaction of the conditions precedent set forth in the DDA, TICD and its affiliates will have a right of first

refusal to enter into a Vertical DDA and develop each market rate development parcel, subject to the limits on TICD's vertical development rights described in Section II.D.4. If TICD exercises the right of first refusal, the parties will initiate the appraisal process described in Section II.D.4 for the development parcel. If TICD does not exercise the right of first refusal, the development parcel will be sold to a third party vertical developer under an auction or other mutually agreeable disposition process. If no third party vertical sale occurs within an agreed upon time set forth in the DDA, TICD's right of first refusal will be reinstated for such development parcel.

b. Minimum Commercial Development. The DDA will describe the minimum vertical commercial development that TICD will be required to construct, or cause to be constructed, as part of Phases 1 and 2 (the "Minimum Commercial Development"). Upon close of escrow for Phases 1 and 2, the Authority and TICD will execute the Vertical DDA for the Minimum Commercial Development, which Vertical DDA will include a Schedule of Performance for the Minimum Commercial Development. The Minimum Commercial Development will include neighborhood serving retail and the rehabilitation of Building One. TICD will be required to provide a performance bond, completion guaranty or other security acceptable to the Authority to secure its obligation to complete the Minimum Commercial Development.

c. Remainder of Commercial Development. For all of the vertical commercial development other than the Minimum Commercial Development, during each Major Phase and upon satisfaction of the conditions precedent set forth in the DDA, TICD and its affiliates will have a right of first refusal to enter into a Vertical DDA and develop each commercial development parcel on its own behalf or pursuant to a sublease with a qualified third party approved by the Authority. The Vertical DDA will provide for an appraisal process or other appropriate mechanism agreed upon by the parties to ensure that the purchase price or the rent payable under the Lease, as applicable, reflects the fair market value of the development parcel. If TICD does not exercise the right of first refusal for a commercial development parcel, then the Authority may either sell or ground lease the pad to a third party vertical developer under an auction or other mutually agreeable disposition process for development that is consistent with the Redevelopment Plan and all related land use documents including the Design for Development, and compatible with the surrounding uses. If no third party vertical sale or Lease occurs within an agreed upon time set forth in the DDA, TICD's right of first refusal will be reinstated for such development parcel.

d. Historic Hangar Structures. Within 12 months after the Board of Supervisors' endorsement of this Development Plan, TICD will prepare and present to the Authority a proposal for the adaptive reuse of the historic hangars (Buildings Two and Three), including the phasing of such adaptive reuse. If the Authority is not reasonably satisfied with the adaptive reuse proposal, the Authority may require that the ENA be amended to delete Buildings Two and Three from the Project. In such case, the Authority will have the right to negotiate with other parties regarding the adaptive reuse of Buildings Two and Three as a separate project. The DDA will provide that the Authority will not allow use of Buildings Two and Three in any manner inconsistent with the Redevelopment Plan and all related land use documents including the Design for Development, or in any manner that is incompatible with the surrounding uses.

IV. INFRASTRUCTURE

A. Key Elements.

In order to achieve the Land Use Plan's vision for the Project, TICD will provide significant infrastructure improvements to the Property in phases, including (i) demolition and deconstruction of existing non-retained buildings and infrastructure; (ii) environmental remediation; (iii) geotechnical and site stabilization; (iv) construction of new streets and

transportation infrastructure, including an Intermodal Transit Hub and Ferry Quay on the west side of Treasure Island; (v) landscaping; (vi) creation of parks, open space and recreation facilities; (vii) construction of new wet and dry utilities such as potable water, storm water, sanitary sewer, gas, electrical and telecommunication systems, including improving offsite connections where necessary; and (viii) construction of a new wastewater treatment facility, provided however that the Authority and TICD will explore means of publicly or privately financing the construction of the wastewater treatment facility based on revenues generated from the facility itself such that the Project would not fund capital construction or operation costs of the facility, and (ix) Developable Pads suitable for park maintenance areas/corporation yard and recycling activities.

B. Infrastructure Plan.

TICD and the Authority performed a significant amount of due diligence on the existing infrastructure and geotechnical condition of the Property, as more particularly described in the Studies described in Recital R. This due diligence guided the formulation of the Infrastructure Plan, a copy of which is attached as Exhibit I. The Infrastructure Plan describes the conceptual plan for the necessary infrastructure described above. TICD will design all infrastructure improvements to maximize system reliability and maintain service continuity. Environmentally sustainable or green techniques will be integrated as part of the infrastructure throughout the Project as outlined in the Sustainability Plan and further described in the DDA.

C. Demolition and Deconstruction.

TICD will perform demolition and deconstruction of the existing buildings and infrastructure that will not be retained as part of the Project. Deconstruction allows for maximum re-use of materials in keeping with the core principle that the Project be a sustainable development. TICD will prepare a Demolition and Deconstruction Plan that will be attached as an exhibit to the DDA. The Demolition and Deconstruction Plan will be consistent with the Sustainability Plan and the EIR mitigation measures adopted as part of the Project, and will address stakeholder issues such as (i) a Stormwater Pollution Prevention Plan; (ii) traffic management; (iii) material handling and disposal; (iv) dust and noise control; (v) stockpiling; (vi) Caltrans coordination; (vii) soils and groundwater management; and (viii) coordination with DBI.

D. Solar and Public Power.

As outlined previously, one of the key guiding principles for the redevelopment of the Property is to establish Treasure and Yerba Buena Islands as a model of sustainable development. One of the key elements of accomplishing this goal is to maximize the ability of the Project to generate and utilize significant levels of renewable energy on site, particularly with solar technologies, but potentially through other means that may become technologically and financially viable in the future. Since 1998, in accordance with the Cooperative Agreement with the Navy, the City's utility, Hetch Hetchy Water and Power has provided electricity to the occupants and users of Treasure and Yerba Buena Islands. The option of continuing to provide power from a public agency is an important tool to maintain flexibility in achieving the high level of sustainability goals. The San Francisco Public Utilities Commission has prepared a feasibility study and has determined that continuing to provide public power to Treasure and Yerba Buena Islands is a viable option. The Authority anticipates that the Project will continue to purchase all of its electricity from Hetch Hetchy Water and Power, or other City sources so long as it is reasonably available for the Project's needs, the level of service is substantially equivalent or better than that available on the open market, it can be separately metered and implemented at comparable business terms and without additional delay (including delivery of service to construction sites). and the price is equivalent or less than then prevailing market rates for comparable types of loads.

E. Environmental Remediation.

TICD's infrastructure obligations will include completing the incremental level of environmental remediation beyond that performed by the Navy as necessary to support the development program described in this Development Plan, as more particularly described in Section I.B.4 hereof.

F. Operational and Infrastructure Facilities.

To the extent that, pursuant to the DDA, TICD provides facilities serving the operational and infrastructure needs of the Islands, such as the wastewater and recycled treatment facility, a desalinization plant, solar or other power technologies, telecommunications, or central plant facilities, TICD will have the right to engage third parties on market terms and conditions to construct, operate and provide such services to the Islands.

V. **TRANSPORTATION**

A. Transportation Principles.

The Authority and TICD, with significant community involvement and input, have prepared an innovative, sustainable Transportation Plan that is based on the following principles:

- Minimize the impact of Treasure Island development on traffic on the San Francisco-Oakland Bay Bridge
- Create a dense, urban neighborhood clustered around a Transit Hub with streets and paths that favor walking and bicycling
- Provide high levels of transit service consisting of multiple modes of travel, serving key destination points off Treasure Island, operating at high frequencies, particularly during peak travel periods, and with fare structures that cost less to utilize transit than the private automobile
- Develop a comprehensive set of transportation demand management programs to encourage and facilitate transit use and discourage and minimize the impacts of private automobile use
- Mitigate private automobile use off-Islands through programs such as ramp metering, the physical and economic unbundling of residential parking from residential units, and congestion pricing and parking fee structures that can be adjusted to influence travel behavior
- Create a flexible institutional structure that can set parking and congestion pricing rates, enforce programs, monitor performance of the system, collect revenues, and direct generated revenues to public transit systems serving the Islands
- Establish a reliable source of funding for transportation services and programs serving the Islands

The draft Transportation Plan, a copy of which is attached as Exhibit J, describes a comprehensive strategy for moving goods and people within, on and off Treasure and Yerba Buena Islands in a manner that discourages automobile trips. The Transportation Plan outlines high level goals and objectives, estimates travel trips associated with the Development Plan, proposes transit services and infrastructure, and provides a conceptual foundation for measures and systems to ensure the viability of the Project and to maintain consistency with the commitment to create an environmentally sustainable community. The Transportation Plan will be further refined in connection with the completion of environmental review under CEQA and, if necessary, NEPA. Key elements of the Transportation Plan are summarized below.

B. Dense Development Clustered Around a Ferry Quay and Intermodal Transit Hub.

Recognizing the importance of locating land uses immediately adjacent to key transit nodes, the proposed Land Use Plan clusters development most densely around a main Intermodal Transit Hub. A Ferry Quay and Intermodal Transit Hub are planned for the western side of Treasure Island. Under the proposed Land Use Plan, the residential units will be located within a reasonable walking distance to the Ferry Quay/Transit Hub. Streets and pathways will be designed to give priority to bicycles and pedestrians.

C. Ferry Transit.

Ferry transit will be a key element for providing access to and from Treasure Island, as its schedule and performance are not affected by the status of traffic on the Bay Bridge. Initial ferry service is proposed between the Ferry Quay on the western shore of Treasure Island and the Ferry Building in San Francisco. The Transportation Plan contemplates frequent ferry service to and from the Ferry Quay from early morning through active evening hours. Future service to the East Bay from the east side of Treasure Island is a possibility. Based on a mutually agreed upon phasing plan for implementation of the Transportation Plan that will be set forth in the Transaction Documents (the "Transportation Phasing Plan"), TICD will fund the purchase of one ferry vessel and 20% of two additional ferry vessels, in addition to funding the construction of the Ferry Quay/Transit Hub. The Transportation Plan also identifies the possibility of water taxi service as a complement to ferry service. Water taxi service may be attractive for certain uses or visitors to Treasure Island, and it may be more cost effective for certain aspects of the Project.

D. Bus Service.

In addition to high quality and convenient ferry service from Treasure Island to San Francisco, the Ferry Quay/Transit Hub will provide high quality and convenient bus service to connect the Treasure and Yerba Buena Island communities to San Francisco, Oakland and the region. As discussed in the Transportation Plan, buses from San Francisco and the East Bay will arrive and depart from the Transit Hub, but are not planned to circulate around the Islands. Buses will provide frequent service to and from the San Francisco Transbay Terminal via the existing Muni route and a second location such as the Civic Center via a new route, and service to and from Oakland. To initiate AC Transit bus service, TICD will fund the purchase of AC Transit buses necessary for service to the Islands based on the Transportation Phasing Plan.

E. On-Island Shuttle Service.

The Transportation Plan also anticipates providing an on-island shuttle service. The shuttle routes will serve residential, commercial and open space areas on the Islands. Each of the routes will provide timed transfer connections to bus and ferry service. The shuttles will make frequent stops along each route to maximize passenger access and convenience. As part of the further development of the Transportation Plan for the DDA, shuttle routes differing by day and time will be explored to account for varying travel patterns and destinations on the Islands of residents and visitors. TICD will phase its purchase of the four shuttle buses in accordance with the Transportation Phasing Plan.

F. Discourage Private Auto Use.

The Transportation Plan proposes to discourage private automobile use through various means, including congestion pricing, ramp metering, parking policies and implementation of a Transportation Demand Management (TDM) Program.

1. Congestion Pricing. Congestion pricing will be imposed on residents during peak periods as a disincentive for automobile use, to increase competitiveness and attractiveness of transit, to mitigate the impact of generated trips, and as a source of subsidy funding for transit service. Although many of the details of the congestion pricing program are still to be developed, the program would levy a congestion pricing charge on residents as they leave and enter Treasure and Yerba Buena Islands by automobile during peak periods. Peak periods will

be defined as part of the project specific environmental review process and the Transportation and Parking Management District discussed below will have the authority to adjust the times at which the congestion pricing charge is collected. Congestion pricing charges would be collected using electronic techniques. The program will be monitored on a regular basis and changes will be made as required to meet the overall transportation program objectives.

2. Ramp Metering. Ramp metering will be established at the entrances to the Bay Bridge from the Yerba Buena Island ramps and will operate during periods of congestion to manage ramp volumes. Ramp metering is flexible and can be adjusted easily to meet the objectives of the Transportation Plan.

3. Parking Policies. The Transportation Plan requires effective parking management to limit the supply of parking on the Property to the minimum level necessary for a financially viable project and to manage the demand for that parking. The main parking principles are (i) all parking will incur a charge, (ii) shared parking among uses will be incorporated to the maximum extent possible, (iii) supply is managed to affect overall use, (iv) parking regulations are enforced and monitored, (v) pricing is the mechanism for encouraging the use of other transportation modes, (vi) all residential parking will be unbundled from units, (vii) all parking ratios will be maximums rather than minimums, and (viii) an appropriate sign package for wayfinding, travel planning and real-time parking availability will be provided. This set of policies is intended to allow the use of automobiles by Island residents, but not to prioritize the automobile over other transportation modes.

a. Residential Off-Street Parking. Residential parking will be provided at the ratio of one space per residential unit. All residential parking for both for sale and rental units will be both financially and physically unbundled from the residential units – that is, parking spaces will be sold or leased separate from the sales price or rent for residential units, and except to the extent provided for townhomes, single family residences, and similar residential structures pursuant to agreed-upon design solutions, the parking spaces will not be physically linked to the individual residential units. Depending on the location of a residential block and the distance from core transit services, parking either will be provided in parking structures that serve the surrounding neighborhood or parking storage areas in multiple locations near the central core of Treasure Island, requiring users of such remote parking facilities to walk to their automobiles or use an on-island shuttle.

b. Commercial and Retail Off-Street Parking. As outlined in the Transportation Plan, approximately 1,625 off-street parking spaces and on-street parking spaces are planned to serve the proposed commercial uses, the visitor-serving recreational uses, the uses in Buildings 1, 2 and 3, and the Marina. In addition, parking at hotels will be charged unbundled from the room rate. The specific parking provision ratios per type of use are provided in the Transportation Plan.

c. On-Street Parking. An additional 640 on-street parking spaces are planned throughout the streets of the Project. All on-street parking will incur a charge on an hourly basis with rates established to encourage short-term use and create a scenario where spaces are always available. Charges will apply from early morning to late evening to discourage residents from using on-street spaces, but a system enabling visitors of residents to park overnight will be identified.

d. Parking for Affordable Units. The Transaction Documents will include a mechanism that provides each Authority Unit and New TIHDI Unit with the opportunity to purchase (for ownership units) or rent (for rental units) a parking space at a discounted price determined under a pricing formula to be agreed upon by the parties in the Transaction Documents.

4. Transportation Demand Management Programs. TICD will be required to implement a TDM program to provide alternatives to private automobile use and ownership. The elements of the TDM program will include (i) a travel coordinator, (ii) a bicycle library program, (iii) space for car share pods, possibly including incentive programs funded in a manner to be described in the DDA, (iv) guaranteed ride home for qualified individuals in an emergency, (v) ride share (e.g., carpool/van pool), and (vi) employee and visitor TDM programs. The TDM program also will include a transit pass built into the costs of market rate and inclusionary housing units. The transit pass is intended to achieve two primary objectives: (1) making the transit pass a mandatory cost of living on the Islands will encourage transit use by reducing out of pocket transit costs for residents, and (2) the transit pass will create a dedicated, reliable revenue stream to fund transit services and transportation programs serving the Islands. Currently, it is anticipated that the costs of the transit pass will be built into homeowners' association dues and rents for market rate and inclusionary housing units. Ultimately, the mechanics of how the pass may be built into housing costs or funded by other appropriate means will be determined as part of the implementation of the Transportation Plan. It is not intended that a Treasure Island-specific transit pass be created, but rather that the pass operate as part of the regional transit pass system. The actual cost of the transit pass will be set as the Transportation Plan is implemented.

G. Transportation and Parking District.

TICD and the Authority believe that a key to establishing an effective transportation program is flexibility to (i) meet the needs of changing circumstances, (ii) alter costs and fee structures as necessary to achieve program objectives, and (iii) direct available resources to transit services to and from the Islands as needed so that necessary services are not cut if funds are not available. As such, TICD and the Authority believe that an independent Transportation and Parking District is the key to fulfilling these objectives. The parties intend to form an appropriate entity to (i) set and levy congestion pricing charges, (ii) enforce congestion pricing measures, (iii) monitor and amend congestion pricing charges to achieve the intent of the Transportation Plan, and (iv) collect the congestion pricing revenues that will then be used to pay for public transit facilities and equipment as well as ongoing transit and ride share operating costs on the Islands.

The City may form a separate parking district or other entity for the purpose of operating non-exclusive parking facilities and parking meters on the Property that are available for use by members of the public. The parking district would be responsible for setting and collecting fees and enforcing parking control measures. Parking revenues also would be used to pay for public transit facilities and equipment on the Islands as well as ongoing transit and ride share operating costs. Subject to applicable laws, all parking revenues generated from the Islands will be used only in accordance with the specific transportation uses described in the Transportation Plan.

The key to meeting the objectives of the Transportation Plan is ongoing monitoring and review to adjust charges or adjust the period of operation of congestion pricing and ramp metering. The monitoring will include travel demand monitoring, peak and off-peak monitoring and TDM monitoring. The transportation and parking management entities will be responsible for regulating and monitoring the Transportation Plan.

H. Reliable Source of Funding.

A reliable source of funding will be established for transportation services and programs so that the City's General Fund will not be negatively impacted if the costs of implementing the Transportation Plan exceed the revenues generated under the Transportation Plan. Consistent with the mandate that the Project be financially self-sufficient, revenues created under the Transportation Plan will be made available to fund transit services necessary to support the Project. Additional potential financing mechanisms, should they be needed, include allocating portions of the tax exempt financing for the Project to these services and developer subsidies. During negotiation of the Transaction Documents, the parties will select the appropriate

financing mechanism(s) for the transportation services and programs and such financing mechanism(s) will be specifically described in the Transaction Documents.

VI. SUSTAINABILITY

A. Overarching Core Principles.

The redevelopment of Treasure and Yerba Buena Islands presents a unique and historic opportunity to transform the Property into an environmentally and financially sustainable urban community. The process of designing and building a sustainable Project is an overarching core principle that will be integrated into all other aspects of the Project. The entire Project will have the goal of becoming a model of sustainability by exhibiting the concepts and practices of sustainable community development throughout the development process.

The Authority and TICD have expressed strong support for providing sustainable development practices at the Property, which will be integrated as part of the infrastructure and construction throughout the Project. In furtherance of this, TICD and the Authority have agreed on a Sustainability Plan (attached as Exhibit K) that articulates a vision and key principles that guide the planning and development of the Project in a sustainable manner. From these key principles, high level goals have been agreed upon for 10 key focus areas, including: site design and land use; landscape and biodiversity; transportation; energy; water and wastewater; solid waste; materials; health, safety and security; community and society; and economic development and viability. Specific strategies in each of the focus areas have been proposed to achieve the goals and principles envisioned for the Project, and targets and criteria have been set forth to measure the Project's achievement of the strategies and goals, subject to economic and technological feasibility.

The Sustainability Plan is unlike most of the other plans that are incorporated into this Development Plan because it goes beyond describing TICD's transactional obligations under future agreements. Appendix 1 of the Sustainability Plan is a complete list of the measures and strategies that TICD is committing to implement as part of the Project. The Sustainability Plan also describes many other goals, targets, strategies and initiatives that are beyond the scope and capacity of the proposed development program for the Project, and thus are not TICD's responsibility and consequently are not included in Appendix 1. TICD is agreeing to use "good faith efforts" to achieve these broader aspirational targets and initiatives. For purposes of the Sustainability Plan, "good faith efforts" means that TICD will work collaboratively with the Authority, the City's Department of the Environment and other stakeholders to try to achieve the stated targets and objectives to the extent such targets or objectives can be implemented without adversely affecting TICD's reasonable market rate return on its investment as negotiated pursuant to this Development Plan and the Project's ability to finance the level of public benefits described in this Development Plan. The Authority and TICD will continue to work with the City's Department of the Environment and other relevant agencies to implement the Sustainability Plan.

B. Approach for Sustainable Neighborhood Development.

The Sustainability Plan describes the following principles and priorities for the creation of sustainable neighborhood development:

- Initiate an integrated design process to ensure coordination, synergy and cost savings across disciplines.
- Create sustainable site and hydrology by supporting and enhancing existing natural features, and instituting erosion and sedimentation control, stormwater management and innovative wastewater technology. This includes construction of a storm water treatment wetland.
- Create a network of connected open space, landscaping, park lands and natural areas that reduce site disturbance, use water efficient landscaping, minimize

pesticide use through integrated pest management, encourage biological diversity, protect and restore existing natural habitat and wildlife, and provide recreational, open space and educational opportunities for future Island residents, other San Franciscans and visitors from the region and beyond.

- Create a circulation and transportation system that includes pedestrian/bicycle oriented development, transit oriented development, and alternative fuel vehicles, discourages automobile use through parking capacity controls, congestion pricing and ramp metering, and promotes the use of public transportation and car-sharing (as more particularly described in Section V and Exhibit J).
- Create a compact development with the greatest density of uses within a 12-minute walk from a multi-modal transit hub, thereby preserving opportunities for creation of new open space and undeveloped areas. Such site design sensitively addresses brownfields issues, clusters development density into identified neighborhoods and zones, minimizes paved areas, implements a construction waste management plan including deconstruction of buildings with substantial recoverable materials, minimizes the need for development of infrastructure to serve new areas, and uses appropriate street alignment or width and development patterns to reduce shading and maximize solar energy potential for all buildings.
- Provide sufficient density, uses and activity to support neighborhood retail and services that enable the Islands to be self-sufficient.
- Require all new buildings to be constructed to Treasure Island Green Building Specifications.
- Require that the Project participate in the LEED for Neighborhood Development (LEED ND) program and use good faith efforts (as defined above) to target achieving the equivalent of a Platinum rating standard, the highest rating level that may be obtained for master planned development projects.
- Incorporate pest prevention as a design and maintenance objective for new residential buildings.
- Implement waste prevention and recycling measures designed to meet the City's solid waste diversion goal of achieving zero waste by 2020, as well as achieving a Treasure Island goal of directing 100 percent of organic waste to be composted on site.
- Minimize the Property's electricity demand by reducing energy consumption, with targets to reduce energy demand for the overall development over typical development practices, and for new buildings to exceed Title 24 (2005) by 20 percent and to use good faith efforts to reach a goal for commercial buildings (including hotels) to exceed Title 24 (2005) by 30 percent.
- Construction of a central heating and cooling plant serving the dense urban core of Treasure Island is a key component.
- Maximize the generation of onsite power generation, primarily via solar resources as well as exploring opportunities for wind power. The Project will provide that a minimum of 5 percent of peak power demand will be created through on-site renewable sources, but the ultimate goal for the Project is to generate more power on-site via renewable sources at certain periods of the day than the Islands consume, which will require strategic partnerships with public and private partners.
- Establish a recycled water element of the wastewater treatment system that uses recycled wastewater for all feasible irrigation needs and other appropriate uses.

- Establish targets for sourcing construction materials via recycled content from local sources and provide incentives to encourage sourcing of certified sustainably harvested wood.
- Implement comprehensive affordable housing, jobs, economic development and community facility plans as discussed in the pertinent sections of this Development Plan and associated exhibits.

C. Key and Strategic Partnerships.

Delivering a sustainable vision for the Islands will be a collaborative effort involving many public, private and non-profit partners. From the Department of the Environment to the San Francisco Public Utilities Commission to the Bay Area Water Transit Authority to private industry to the Island residents and visitors and more, many partners will need to contribute to realizing the long term goals for the redevelopment. Many of the targets that are proposed for the Project are minimum standards and Appendix 1 lists those measures that will require implementation by TICD and funding via the Project. However, many of the high level goals and strategies, such as generating more energy via on-island, renewable sources than the Islands consume will require significant commitment, partnership and investment with parties who can fund improvements for which it is neither feasible nor appropriate for the Project to fund.

VII. HOUSING PLAN

A. Overall Housing Program.

The development plans for Treasure Island include approximately 6,000 homes. These homes will consist of a range of unit types and sizes, will provide a range of affordability levels and will be located in a variety of building structure types. The total number of housing units includes 30% affordable at a spectrum of income levels and 70% market rate units.

1. Family Housing. It is a goal of the City, the Authority, TICD and TIHDI to promote the future Treasure Island and Yerba Buena Island community as a place for families and children. The Mayor’s Policy Council on Children, Youth and Families (the "Policy Council") has prepared draft recommendations for family-friendly housing and neighborhoods that are applicable to the Islands. These include the following elements:

a. New Neighborhood Plans Provide a Minimum of 20% of Family Friendly Housing. It is currently estimated that at least 30% of all housing units created by TICD will be appropriately sized for families. The current citywide average is 15% for new housing construction.

b. Make Family Friendly Housing Affordable. As described in more detail below, 30% of all housing units on the Islands will be affordable at a range of income levels. The Authority and TIHDI will have the authority to prioritize family housing for affordable housing units controlled by the Authority and TIHDI, respectively (approximately 1,058 units).

c. Provide Amenities that Serve the Needs of Families with Children. The development plans include a spectrum of facilities and amenities, as described in the Community Facilities Plan, which will make the Islands an attractive community for families. Specific elements that are identified in the Policy Council's draft recommendations and planned for the Islands include a school, child care, outdoor play spaces for all ages, community rooms, public transit, neighborhood serving retail, neighborhood library/reading room, and community center, all within walking distance of housing units. In addition, the DDA will identify residential units sized to support home-based child care operations.

2. Tenure Mix. Upon the completion of residential development, both market rate and affordable, it is estimated that approximately 27% of all housing units will be rental and

approximately 73% of all housing units will be for sale. The privately-developed, market-rate housing program will feature a mix of rental and ownership units with approximately 15% rental and approximately 85% for-sale upon the completion of the final phase of vertical residential development. TICD will have flexibility to respond to market conditions by adjusting the tenure mix for the market rate units in the early phases so long as (i) the percentage of market rate rental units never falls below 10%, (ii) at all times there are sufficient rental units to accommodate the existing tenant households of the Islands, and (iii) the Project achieves the 15% market rate rental requirement for the entire Project by the end of the final vertical residential phase for market rate units, unless TICD can demonstrate to the Authority's reasonable satisfaction that it is not financially feasible to develop such market rate rental units based on a minimum residual land value target price to be established in the DDA. Notwithstanding the foregoing, so long as TICD delivers the applicable Developable Pads to TIHDI or the Authority and is otherwise in compliance with its obligations regarding affordable housing set forth in the DDA, if the tenure mix for the entire Project falls below the minimum requirements set forth in the DDA at any time due to TIHDI's or the Authority's failure to construct affordable units, TICD shall not be prevented from proceeding with further market-rate residential development.

3. Building Types. A range of residential building types, both market rate and affordable, are proposed for Treasure Island and are more specifically described and illustrated in the Land Use Plan. In accordance with construction standards required by varying building heights, the buildings have been defined for these purposes as low-rise (buildings 65 feet and lower), mid-rise (buildings above 65 feet and less than 240 feet), and high-rise (buildings 240 feet and above). Approximately 50% of all of the housing units will be in low-rise buildings, 35% in mid-rise buildings and 15% in high-rise buildings.

B. Affordable Housing Program.

The redevelopment of the Islands will provide a Project contribution (consisting of private funding and tax exempt funding sources generated on the Islands) of approximately \$406 million for the construction of 1,800 new affordable housing units on the Islands for the benefit of San Francisco.

1. Percentage of Affordable Housing. Upon the completion of residential development on the Islands, approximately 1,800 units, or 30% of all housing units, will be affordable to very-low, low- and moderate-income residents and at least 6% (included in the 30%) will be affordable to very-low income residents. "Affordable" is as defined in Section VII.B.2.c below. Current San Francisco Median Income levels are shown on Exhibit L.1, attached hereto.

2. Types and Levels of Affordable Housing. It is an express goal to provide housing affordable to a spectrum of household incomes and household types (e.g., families, seniors, singles, formerly homeless). To fulfill this goal, there will be three principal providers of affordable housing on the Property: (i) the Authority, (ii) TIHDI, and (iii) private market-rate vertical developers, including TICD and its affiliates, through applicable "inclusionary housing" requirements, as described in this Section.

a. TIHDI Units. TIHDI will develop and operate, or cause to be developed and operated, approximately 435 affordable units (the "New TIHDI Units") (an increase from TIHDI's current occupied unit count of 196 units, which will become 250 units on July 1, 2007 via an agreement between the Authority and TIHDI). As part of the horizontal development, TICD will provide Developable Pads for all of the New TIHDI Units as contemplated in the TIHDI Agreement. In addition, 275 New TIHDI Units will receive subsidy from the Project for construction, as set forth in Section VII.B.7 below. The Authority and TIHDI will determine in their sole and absolute discretion the tenure split, affordability and any other matters related to the New TIHDI Units, but in no event shall affordability levels exceed those applicable to Inclusionary Units, as set forth below, unless agreed to by the parties. It is the intent of the parties that the rights and obligations

of TIHDI with respect to the development and operation of the New TIHDI Units will be memorialized in a separate disposition and development agreement between TIHDI and the Authority that is consistent with the terms of this Development Plan (the "TIHDI DDA").

b. Authority Units. The Authority will develop and operate, or cause to be developed and operated, approximately 623 units (the "Authority Units"). As part of the horizontal development, TICD will provide Developable Pads for all of the Authority Units and all of the Authority Units will receive subsidy from the Project, as set forth in Section VII.B.7 below. The Authority will determine in its sole and absolute discretion the tenure split, affordability and any other matters related to the Authority Units, but in no event will affordability levels exceed those applicable to Inclusionary Units, as set forth below, except as agreed to by the parties. The Authority will use the Authority Units to implement affordable housing policy goals related to tenure mix, affordability levels and household type within the context of the overall affordable housing program.

c. Inclusionary Units. TICD and its affiliates and other third-party vertical developers will develop approximately 742 "Inclusionary Units" (representing 15% of the total of all privately-developed units) as development proceeds. Rental Inclusionary Units will be priced for households earning no more than 60% of San Francisco Median Income (SFMI) for San Francisco County as published by the San Francisco Mayor's Office of Housing annually (\$54,700 for a four-person household in 2006). For sale Inclusionary Units will be priced for households earning no more than 100% of SFMI (\$91,200 for a four-person household in 2006). Exhibit L.1 shows the current price levels of affordable units based on SFMI levels and household size for rental and for-sale homes. The DDA will include applicable procedures for review and approval by the Authority and the Mayor's Office of Housing of the size, type and location of Inclusionary Units in accordance with specific agreed upon standards.

d. Maximum Feasible Affordability. A primary goal of the Housing Plan is to provide housing units at the maximum feasible affordability level in order to serve households not otherwise served by the market rate housing units.

e. Preliminary Estimates. Final numbers of affordable housing units to be constructed may change during negotiation of the Transaction Documents. The numbers presented here represent the parties' current analysis of the pro forma and transaction structure, and are subject to change; the percentage requirements, however, are not subject to change.

3. **California Community Redevelopment Law Requirements.** The Project will meet or exceed all of the affordable housing requirements under California Community Redevelopment Law ("CRL") and specifically will assure the following:

a. Housing Production Requirement. The Project will exceed the CRL housing production requirement that 15% of all newly constructed units be affordable to very-low, low- and moderate-income residents. Through the construction of the New TIHDI Units and the Authority Units, the Project will exceed the CRL housing production requirement that 6% of all newly constructed units will be affordable to very low-income households at 50% of SFMI.

b. Deed Restrictions. The Authority will record deed restrictions on all affordable housing units requiring that these units will be affordable to designated households by income level at the affordable housing cost specified in the CRL for the longest feasible time and not less than 55 years for the rental units and 45 years for the ownership (for-sale) units. The Authority may employ a wide variety of techniques to assure long term affordability for the ownership units, including resale to qualified buyers

at the same income levels, second deeds of trust, promissory notes for the difference between the fair market value and the restricted value, the Authority right of first refusal, recorded Notice of Special Restrictions, and recapture of shared appreciation.

c. Tax Increment. As the Authority was formed for the sole purpose of assisting the redevelopment of Treasure Island and Yerba Buena Island, under the CRL, the Authority will set aside at least 20% of all tax increment generated from the Project for the sole purpose of improving, preserving and/or producing affordable housing on Treasure Island and Yerba Buena Island. This assumption is reflected in the Affordable Housing Financing and Subsidy Plan attached as Exhibit L.2.

4. Phasing of Affordable Housing. The construction of new units of affordable housing will be phased in proportionately with the construction of new market-rate units. A schedule for the current phasing assumptions reflected in the current pro forma is attached as Exhibit L.3. Upon completion of all vertical residential improvements within each Major Phase, approximately 30% (the percentage of affordable units as of July 1, 2007) of all residential units on the Island (including the existing housing units) will be affordable units. Phasing will depend on a number of factors, including the most efficient means for constructing the backbone infrastructure. A final phasing plan will be included as part of the DDA, but for now, for illustrative and pro-forma modeling purposes only, such phasing could proceed as outlined on Exhibit L.3. This phasing schedule shows the scheduled delivery of Developable Pads, not the availability of units for occupancy (with the exception of the existing TIHDI units). As such, the numbers below reflect that TIHDI sites will temporarily exceed final totals as New TIHDI Units are being built prior to the demolition of existing units. Deconstruction of the existing TIHDI units will not occur until new TIHDI Units are available. TIHDI will be obligated to operate on a mutually agreed upon performance schedule for construction of new units consistent with the Phasing Plan for the overall Project. So long as TICD delivers the applicable Developable Pads to TIHDI in accordance with the DDA and is otherwise in compliance with its obligations regarding affordable housing set forth in the DDA, TICD's ability to proceed with further market-rate development will not be affected by any failure by the Authority or TIHDI to construct their applicable share of affordable housing units.

5. Location, Distribution and Design of Units. Affordable units will be generally distributed throughout the various areas designated for residential use and across a variety of product types. The Inclusionary Units will intermix with the market rate units and will be indistinguishable in exterior appearance from the market rate units. The Authority will retain authority to allow flexibility in providing Inclusionary Units in certain building types as a means of achieving overall financial feasibility of the Project, but in no case will the number of Inclusionary Units be reduced from the requirement for 15% of all privately-constructed market rate housing units. The Inclusionary Units will be substantially similar in size, type, basic interior finishes and common area amenities as the market rate units unless otherwise agreed to by the Authority.

6. Other Programs. TICD will coordinate with appropriate agencies and financial institutions to provide qualified home buyers with access to down payment assistance, first-time buyer financing programs (from such entities as Fannie Mae, Federal Home Loan Bank, etc.) and homeownership counseling services as needed.

7. Subsidies and Financing. Per direction from the Authority Board and as set forth in the RFP, in order for units to be "counted" as affordable, the Project must include an overall financing/subsidy plan that demonstrates that the ultimate construction of such units is in fact feasible. The proposed financing plan prepared jointly by the Authority, TIHDI and TICD, involves a variety of private and tax-exempt funding sources to accomplish this goal, including a substantial developer subsidy, debt supported by rents, Redevelopment Tax Increment financing and Housing Set-Aside financing, Low Income Housing Tax Credit proceeds, and Housing Impact Fees, as shown on Exhibit L.2, attached hereto. Currently, it is estimated that the Project

will provide approximately \$406 million from Project generated sources (tax-exempt and private financing and housing impact fees) to construct the affordable housing units. This consists of the following elements:

a. Island-wide Infrastructure Component. As part of the Project's contribution to the affordable housing program, the Project will fund and TICD will provide infrastructure to the Developable Pads, as defined in this Development Plan, at no cost to the affordable housing developers. This contribution to affordable housing is projected to total \$158 million and will be funded through the Project as identified above.

b. Subsidy for Vertical Construction of TIHDI and TIDA Units. The Project will contribute approximately \$117 million in funds for the construction of vertical buildings containing New TIHDI Units and Authority Units. This contribution consists of two components: (1) approximately \$76 million in project-generated land-secured tax-exempt financing and housing impact fees, and (2) approximately \$41 million in direct subsidy from TICD.

c. Vertical Construction of Inclusionary Units. TICD and other third party market rate residential builders will construct 15 percent of all market rate units as affordable Inclusionary Units as described in Section VII.B.3.c. The projected contribution to affordable housing through construction of these units is approximately \$131 million.

As with other elements of this Development Plan, the final amounts of the various public and private funding sources shown on Exhibit L.2 are subject to change. The direct subsidy to be provided from TICD for the New TIHDI Units and the Authority Units will be negotiated as part of the DDA and will be fixed according to a payment schedule to be included in the DDA.

C. Transition Plan for Existing Market Rate Units

1. Existing Housing. There are approximately 1,000 existing dwelling units on Treasure Island and Yerba Buena Island, of which approximately 819 are currently available for occupancy ("Existing Housing"). Approximately 819 tenant households occupy the Existing Housing, with approximately 623 tenant households occupying market rate rental units through leases with the John Stewart Company ("JSCo") (the "Existing Market Rate Units") and another 196 tenant households occupying units managed by members of TIHDI (the "TIHDI Units"). In July 2007, 54 Existing Market Rate Units will be transitioned to the TIHDI portfolio, resulting in a total of 569 Existing Market Rate Units and 250 TIHDI Units.

Development plans for the Project have always assumed the continued occupation of the Existing Housing on the Islands throughout the early phases of construction, which will include environmental remediation, geotechnical stabilization, infrastructure improvement, and the development of new housing and commercial services. The Authority and TICD expect that Existing Market Rate Units will continue to be managed by either JSCo or another housing management company to be determined jointly between the Authority and TICD. New or existing market rate housing units will be made available on the Islands prior to relocating residents from the Existing Market Rate Units.

The transition of residents of TIHDI Units will be determined by TIHDI, working in collaboration with the Authority and TICD. It is expected that, as with the Existing Market Rate Units, TIHDI residents will be transitioned to new units after those New TIHDI Units have been constructed, after which existing TIHDI Units will be demolished.

2. Existing Households. All existing tenants on a single lease who occupy an Existing Market Rate Unit on Treasure Island or Yerba Buena Island on the qualifying date that will be set forth in the DDA (the "Qualifying Date") are considered "Existing Households." Existing Households will be provided a priority option to buy or rent a new home on Treasure

Island or Yerba Buena Island and will have access to relocation resources provided by government agencies and TICD as described below, provided their lease is active and in good standing on the Qualifying Date and they continue to maintain their lease in good standing thereafter. Relocation assistance will be provided under applicable law including, without limitation, the California Community Redevelopment Law.

Tenants who begin their occupancy of the Existing Housing units after the Qualifying Date will be notified of the development plans and project schedule as they are negotiating their leases, including the planned deconstruction of the Existing Housing units. These tenants will not be given priority for the selection of new housing units on Treasure Island or Yerba Buena Island, nor will they be given priority for access to affordable units on the Islands.

3. Allocation Process. No later than six months after the Qualifying Date, TICD will contact all Existing Households to assess the needs of the residents and appropriately match them with housing opportunities and homeownership assistance programs. The survey will include questions regarding the size of their current housing unit (bedrooms/bathrooms), current rent, household income, and whether the Existing Household would prefer information on market rate rental, market-rate for-sale, affordable rental, or affordable for-sale options. "Affordable", as referenced in this Section, is defined by San Francisco Median Income levels as outlined in Exhibit L.1. Responses to this survey will help determine: (i) how many Existing Households may be interested in new for-sale homes on Treasure Island and Yerba Buena Island, and, of those, how many may qualify for affordable housing opportunities; (ii) how many may be interested in new Treasure Island or Yerba Buena Island rental opportunities and, of those, how many may qualify for affordable rental units; and, (iii) how many prefer to relocate somewhere other than Treasure Island and Yerba Buena Island.

TICD and the Authority will establish a system that ensures that all Existing Households have access to acquire one of the new for-sale or lease a for-rent home to be built on the Islands through a system that fairly allocates those homes. For purposes of this Development Plan, this allocation housing system will be referred to as a "Lottery" program. Mechanisms to ensure fairness and that recognize the status of Existing Households will be developed and will result in a Lottery program that accounts for all of the following categories of housing units:

- Affordable Rental Units
- Affordable For Sale Units
- Market Rate Rental Units
- Market Rate For Sale Units

Details of the Lottery will be more fully developed in the Transaction Documents, but the general framework will be as follows. To be eligible for the Lottery, Existing Households must register with TICD and must declare the type of unit and the number of bedrooms they are interested in (e.g., market-rate for-sale or rent, or affordable for-sale or rent). As units become available, a Lottery will be held among the Existing Households who have registered for those particular unit types. If an Existing Household selected in the Lottery declines their option to acquire or lease an available unit, they will not be allowed to participate in any subsequent Lottery. If there are more Existing Households who qualify for the Lottery than there are specific units available in a particular Lottery, any Existing Household who is not selected in that Lottery may participate in a subsequent Lottery for units. This process will be repeated until all Existing Households have been afforded the opportunity to transition to a new unit.

4. Homebuyer Assistance. TICD will coordinate and provide information on new homebuyer's assistance plans that may provide Existing Households with access to down payment assistance, first-time buyer financing programs and homeownership counseling services. These Treasure Island-specific services will be offered to Existing Households interested in either market rate or affordable homes and to any other qualified potential Treasure Island or Yerba Buena Island resident.

First-time home buyer's assistance will include:

- Buyer Financing Programs. This could take the form of developing a partnership with a reputable mortgage company that can provide qualified buyers with the ability to purchase a home with zero- or low-down payment options. Additionally, these programs allow first time home buyers to have a choice of financial lenders who provide loans to low and moderate income first time home buyers.
- Homeownership Counseling. Homeownership counseling has proven to be an important part of large scale home ownership developments. Currently, San Francisco contracts with several reputable firms to provide these services.

TICD will undertake outreach efforts directed at Existing Households to ensure that they are aware of the homeownership opportunities that are being created at Treasure Island and Yerba Buena Island well in advance of homes coming to market so that they will have an opportunity to pre-qualify for home sales. A marketing plan will be developed to maximize the effectiveness of the outreach program.

5. Community Meetings and On-Island Resources. Community meetings will be held in the months prior to and during transition to provide regular updates regarding the tentative and actual schedules for deconstruction of existing units and construction of new units, details regarding the Lottery program and access to relevant information and resources to assist in the process. All Community meetings will be held on Treasure Island and notices of the meetings will be sent to all Island residents of the Existing Housing.

TICD will also create an "On-Island Resource Center" that will provide residents of Existing Housing with the resources necessary to learn about and access new housing opportunities on Treasure Island and Yerba Buena Island as they become available. Information notifying residents of the On-Island Resource Center will be provided to all current residents of the Islands. The Center will include:

- Access to a housing database for new market rate and below-market rate units available.
- Contacts with appropriate property management personnel serving the Treasure Island community.
- Referrals to governmental and non-governmental housing assistance agencies, including home ownership assistance programs.

D. Construction Mitigation Measures.

Construction impacts on existing residents and businesses will be minimized. Under the proposed Phasing Plan, the initial phases of vertical development are centered around the Ferry Quay/Transit Hub in the Treasure Island core in order to minimize construction impacts on existing residents. Other proposed measures may include transporting equipment and materials by water/barge to Pier One, establishing construction staging areas away from Existing Housing, and using buffer zones and temporary landscaping features. The DDA and the Vertical DDAs

will require TICD and the vertical developers to comply with construction mitigation measures, including those required by the EIR, to address the Project's construction impacts on the existing residents and the environment. Such construction mitigation measures will address dust control and air quality, noise control, stormwater pollution prevention, transportation and other applicable construction impacts. A Mitigation Monitoring and Reporting Program will be prepared in connection with the CEQA process to enforce the mitigation measures.

VIII. JOBS AND EQUAL OPPORTUNITY PROGRAM

A. Jobs and Equal Opportunity Program.

The Project will provide a tremendous variety of community benefits for residents and visitors of the Property, San Francisco and the entire Bay Area region. Many of the benefits, such as rebuilding the infrastructure, creating affordable housing opportunities, adding approximately 300 acres of public and open space and recreational uses, and providing a wide array of community facilities, are described elsewhere in this Development Plan. This Section describes the economic development opportunities that the Project will provide.

Jobs creation and equal opportunity contracting opportunities in all areas of employment are an essential part of the redevelopment of the Property. It is anticipated that the Project at final buildout and completion will create thousands of construction and permanent jobs, and that the planning, design and construction work will provide substantial contracting opportunities for local contractors and professional service firms as well as the countless businesses, employers and organizations who continue to perform enterprises on the Islands. It is in the best interests of the Project and the City that a portion of the jobs and contracting opportunities be directed, to the extent possible based on the type of work required and consistent with collective bargaining agreements, to local, small and economically disadvantaged companies and individuals whenever there is a qualified candidate. The Jobs and Equal Opportunity Program described below identifies goals for achieving this objective and outlines certain measures that will be undertaken in order to ensure that these goals and objectives are successfully met.

TICD, TIHDI and the Authority have formulated a Jobs and Equal Opportunity Program (the "Jobs and Equal Opportunity Program"), which is attached hereto as Exhibit M. The Jobs and Equal Opportunity Program addresses the following issues:

- Creating new construction and permanent employment opportunities (including but not limited to retail, maintenance, administrative and clerical positions, and para-professional jobs), goals for directing those jobs to priority groups, and a job broker program to facilitate and prepare linking the priority groups to the jobs.
- Creating professional services contracting, construction and other long-term employment opportunities for local San Francisco contractors and their employees.
- Creating economic development opportunities and related support for TIHDI residents and member organizations.

B. TIHDI Agreement.

Some of the key elements of the Jobs and Equal Opportunity Program are derived from the TIHDI Agreement described in Section VIII.B.1 below. Other key elements are derived from other relevant City ordinances and policies. The Jobs and Equal Opportunity Program integrates certain elements of the TIHDI Agreement with other existing City programs that provide similar or complimentary functions, including the City's new CityBuild program, as well as already mandated, established hiring programs including First Source Hiring, Section 3 Plus, Seismic Loan Employment Program, and Human Rights Commission requirements.

1. Components of the TIHDI Agreement. The TIHDI Agreement includes three main components: an Economic Development and Support Facilities Component, an

Employment Component and a Support Component. The Economic Development and Support Facilities Component serves to create revenue-generating opportunities for TIHDI's member organizations and work opportunities on the Property for formerly Homeless and Economically Disadvantaged Persons, as those terms are defined in the TIHDI Agreement. The Employment Component serves to establish a long-term employment policy for the Property by requiring future developers, construction employers, long-term lessees and other employers to comply with First Source Hiring and other existing hiring plan goals and requirements (e.g., Human Rights Commission, Seismic Retrofit Employment Program, Section 3 Plus), and make good faith efforts to meet certain goals for employing formerly Homeless and Economically Disadvantaged Persons, as those terms are defined in the TIHDI Agreement. The Support Component provides for administrative and operational funding to TIHDI, including tax increment financing to TIHDI member organizations that provide homeless housing and related services at the Property and funding for the TIHDI Job Broker Program. A copy of the TIHDI Agreement is attached as Exhibit O.

2. Implementation of TIHDI Agreement. Substantial portions of the TIHDI Agreement already have been implemented. For example, the Authority (i) subleases 196 units of housing for use by TIHDI member agencies to provide housing to homeless people, (ii) requires island employers to develop hiring plans to fulfill employment objectives, (iii) refers employers to the TIHDI Job Broker to meet island hiring goals, (iv) subleases the existing childcare center to a TIHDI member agency, and (v) contracts with TIHDI member agencies for janitorial and landscaping services.

Each of the components of the TIHDI Agreement is reflected in the Jobs and Equal Opportunity Program, with the exception of some portions of the Support Component that are reflected in either the Affordable Housing Plan or in the Fiscal Impacts Analysis (described in Section XI.B.2 below). The Jobs and Equal Opportunity Program is intended to incorporate the terms of the TIHDI Agreement, except as mutually agreed by the parties in the future (as set forth in this Section). It is the intent of the parties that each of the TIHDI Agreement components will be implemented through the DDA and its exhibits, and the TIHDI DDA and its exhibits. Any proposed modifications to the TIHDI Agreement, as incorporated in the DDA and any related Transaction Documents, will be subject to the mutual consent of the Authority, TIHDI and TICD.

IX. EMERGENCY SUPPORT PLAN

A. Emergency Support Plan

Attached hereto as Exhibit N is an Emergency Support Plan that describes the physical improvements to prepare the Islands for development, and emergency preparedness and operations measures and plans.

B. Infrastructure Improvements

As outlined in the Infrastructure Plan, a key element of addressing the emergency preparedness needs of the Islands are the extensive geotechnical and infrastructure improvements that will be conducted during the first phase of the construction program. The geotechnical work includes stabilization of the entire perimeter of Treasure Island, which will be completed as part of the first phase of horizontal development, reinforcement of the northwestern corner of Treasure Island, stabilization of the causeway connecting Treasure and Yerba Buena Islands, and retrofitting of the viaduct structure along Treasure Island Road connecting Treasure Island to the Bay Bridge. Building One will be seismically reinforced to current standards. The Great White structures on Yerba Buena Island and Building Two and Building Three also will be seismically reinforced to current standards in connection with an economically feasible adaptive reuse. All new structures will be built to meet the highest standards, including the use of pile foundations for buildings as necessary. Because access is a key element of emergency planning, the new Ferry Quay and hardened causeway will provide enhanced emergency access off the Island.

C. City-Wide Emergency Response Plan.

The Office of Emergency Services and Homeland Security ("OES/HS") is developing a City-wide Emergency Response Plan and Treasure and Yerba Buena Islands are included in the plan. TICD will work with the Authority, OES/HS, the San Francisco Police Department, the San Francisco Fire Department, the San Francisco Bay Area Water Transit Authority, and the U.S. Coast Guard to update the Emergency Response Plan first, for the transitional stages of the Project, and later, for full buildout. It is expected that OES/HS will be the lead agency overseeing emergency preparedness and response.

The OES/HS Emergency Response Plan will include protocols for residents, businesses and visitors in the event of a fire, earthquake, tsunami, hazardous materials release, power outage, bomb threat or other disaster. The OES/HS Plan also will include protocols for the emergency evacuation of the Islands in the event of an emergency and other matters that are described in more detail in the Emergency Support Plan attached hereto as Exhibit N.

As a matter of law and policy, the redevelopment of the Islands must provide sufficient life-safety services for the Project improvements. A new, fully-functional joint police and fire facility that is compliant with all applicable laws will be constructed on Treasure Island as the centerpiece of the public safety system on the Islands. The facility is tentatively intended to be located near the dense, mixed use urban core to maximize its ability to respond to the primary activity areas, which also are proposed to have the densest land use. An entirely new potable water system with adequate backup storage, as described in the Infrastructure Plan, will be created that will provide potable and primary fire service to the Project. The design of this system will include methods that are designed to better withstand ground movement, including hardened utility corridors and the possible use of flexible pipe materials. A new pipe on the new eastern span of the Bay Bridge will provide a backup water supply in case of failure of the primary source on the western span of the Bay Bridge from San Francisco. The Authority and TICD have worked with the San Francisco Fire Department to assess future staffing and equipment levels, fire suppression infrastructure needs and emergency response issues. Included in these discussions is the exploration of an Auxiliary Water Supply System (AWSS) which will function as a backup fire suppression water supply using bay water in the event that both pipes on the western and eastern spans are damaged in a major seismic event. The final design of the AWSS will be included in the Infrastructure Plans that will be part of the Transaction Documents.

X. **COMMUNITY FACILITIES**

A. Community Facilities Plan.

The Authority and TICD recognize that the successful creation of a vibrant residential and visitor community on Treasure and Yerba Buena Islands requires facilities to support the operations and services that will be provided to the community.

TICD's demographics study, a copy of which is attached as Exhibit P, estimates that the population of Treasure and Yerba Buena Islands at completion of the Project will be approximately 10,000 to 15,000 residents, 2,000 to 3,000 workers and tens of thousands of visitors annually. The community facilities necessary to support this population include community spaces, community services and amenities, and educational and recreational facilities.

The Community Facilities Plan, a copy of which is attached as Exhibit Q, describes the wide array of community facilities that will be part of the Project. Locations of these facilities will be described further in connection with completion of the Transaction Documents.

B. Guiding Principles.

The guiding principles of the Community Facilities Plan are as follows:

- The Project will provide community facilities that support the creation of a vibrant residential and visitor community on the Islands.
- The community facilities will support the range of ages, household types and incomes of residents of the Islands, with a particular emphasis on providing the necessary amenities to attract and retain families and integrate the Islands into the fabric of San Francisco.
- Existing community facilities will be retained until alternative locations or replacement sites are established, as outlined in the Phasing Plan.
- Daycare and programmed community rooms (e.g., youth and seniors centers or reading rooms) will be phased in at points that support the population and household mix for each phase of the Project. In locating these sites, the following principles will guide planning:
 - TICD and the Authority will work with the appropriate City departments during and after negotiation of the Transaction Documents to conduct a needs analysis for the amount of space, types of facilities and locations required to serve the needs of children, teenagers and seniors on the Islands.
 - TICD and the Authority will work with the San Francisco Unified School District to reintegrate the existing Treasure Island School into the community at a phase appropriate to support the Islands' child population.
- Infrastructure and public facilities will be phased with new development and provide continuous, reliable service to existing residents and businesses.
- Just like other neighborhoods in San Francisco, many of the services that the Islands will need to become a truly vibrant and effective community – from basic City services to specialized youth and senior programs – will depend on local, state and federal funding and the active participation of the City's non-profit and business communities.

C. Public Safety and Operations Facilities.

The following new facilities that are essential for public safety, emergency services and operations of the Property will be provided onsite.

1. Police and Fire Station. TICD will construct a new joint-use police and fire station to provide service to both Treasure Island and Yerba Buena Island. This facility may be a combined police and fire station and the details of the facility will be developed in consultation with the San Francisco Police and Fire Departments. The facility will be sized and located to maximize service to all residents, visitors and employees of the Islands, and to accommodate an ambulance and paramedics/emergency medical technicians.

2. Wastewater and Recycled Water Treatment Facility. As outlined in the Infrastructure Plan, TICD will provide a Developable Pad for a new wastewater and recycled water treatment facility that will be constructed on the Property. The Authority and TICD will explore means of publicly or privately financing the construction of the wastewater treatment facility based on revenues generated from the facility itself such that the Project would not fund capital construction or operation costs of the facility.

3. Park Maintenance Area/Corporation Yard. TICD will construct a park maintenance area/corporation yard adjacent or proximate to the water treatment facility. The area will provide vehicle and service space to support operations, including utilities, roads

maintenance and cleaning, transportation operations, recycling center and open space maintenance requirements serving the entire Islands.

4. Stormwater Treatment Wetlands. Stormwater treatment wetlands will be constructed to handle stormwater runoff on Treasure Island. Interim measures may be implemented to handle initial phases of construction. TICD and the Authority will work collaboratively with the United States Coast Guard to explore the feasibility of the Coast Guard constructing localized stormwater treatment improvements on a portion of the Coast Guard's property on Yerba Buena Island to treat stormwater runoff in an environmentally sustainable manner.

D. Community Facilities.

In addition to facilities for public safety and island operations, the Authority and TICD recognize that that following physical spaces and structures, which are described in more detail in the Community Facilities Plan, are critical to support the creation of a vibrant community:

1. Building 1. TICD's baseline horizontal improvement obligations under the DDA will include the adaptive reuse and preservation of Building One in a manner that is consistent with the Secretary's Standards. Building One will serve as the "gateway" to Treasure Island and also serve as the primary community and operational center for this new neighborhood. Uses furthering this goal may include a "welcome center" for visitors to the Islands, a main community center/meeting space, and a Treasure Island Museum, providing historical exhibits and artifacts from the Islands' history with the Golden Gate International Exposition and as a United States Naval Station. Building One may also house the offices of the Authority, TIHDI, TIHDI's Job Broker and the transportation coordinator for the TDM Program and, during the phased sales and marketing period for the new residential units, Building One may serve as the "sales center" for the residential development on the Islands.

2. Additional Community Spaces. The Project also will provide nine approximately 1,500 square foot spaces within the vertical development for community-serving uses to be identified in the DDA. Such uses may include senior/adult and youth facilities, neighborhood library/reading rooms and/or community meeting rooms that, together with Building One, may be used for a wide array of uses such as town hall meetings, educational presentations, multi-denominational services, pet adoption fairs, neighborhood festivals, etc. The DDA may allow for fewer but larger spaces so long as the aggregate amount does not exceed 13,500 square feet. For every square foot of community space provided up to 13,500 sq. ft., TICD shall provide, or require the vertical developer to provide, an allowance for tenant improvements of \$35/sq. ft., as adjusted for inflation.

3. Community Services and Amenities. The Community Facilities Plan proposes community services and amenities such as (i) the neighborhood mixed use core, located between the Ferry Quay and Clipper Cove, that is anticipated to include neighborhood serving retail uses for island residents and visitors, including a grocery store sized to serve the anticipated needs of the Islands (and sited to allow for expansion opportunity), and ancillary retail uses such as drycleaner, video rental, etc.; (ii) a community information kiosk located in the neighborhood mixed use core, containing community information and a posting board; (iii) a central bicycle storage facility located in Building One or elsewhere near the Ferry Quay/Transit Hub; (iv) health and wellness facilities; and (v) community gardens for edible and non-edible plantings as part of the park and open space system.

4. Educational and Cultural Facilities. The Islands may contain several childcare, cultural and educational facilities to serve residents, employees and visitors. These facilities include (i) a school that is estimated to serve the Islands' child population, though much more information and analysis is necessary working in conjunction with the San Francisco Unified School District; (ii) the Delancey Street Life Learning Academy, an approximately 60-student charter high school of the San Francisco Unified School District, which is expected to

remain; (iii) childcare space appropriate to serve the resident and employee populations at the Property, either in a single facility serving all of the Property or in multiple facilities dispersed on the Property; (iv) a privately-held non-profit environmental education center located proximate to the water treatment plant, stormwater treatment wetlands and urban demonstration farm garden and providing space for educational programs and exhibits related to sustainable practices on the Property; and (vi) space for an art/sculpture park on the western shoreline of Treasure Island that will serve as an educational and cultural amenity, with both permanent and temporary installations, possibly including an environmental art component consistent with the overall theme of sustainability on the Property.

5. Recreational Facilities. A wide array of recreational facilities and opportunities will be provided on the Property for all ages of residents, employees and visitors, as described in Section II.A.2.

E. TICD's Obligation for Community Facilities.

TICD will be required to provide certain community facilities as part of the horizontal development under the DDA. As described below, TICD will be required to construct some of the community facilities. For other community facilities, TICD will be providing space or Developable Pads.

1. TICD Constructed Facilities. TICD will be required to construct the following community facilities on land that will be retained by the Authority and/or transferred to the City:

- Stormwater treatment wetlands.
- Joint use police and fire station.
- Park maintenance area/corporation yard.
- Building One renovation.

2. TICD Provided Space for Facilities. TICD will provide, or cause the vertical developers to provide, appropriate space for the following community facilities:

- Offices for the Authority, TIHDI, TIHDI's Job Broker and the transportation coordinator for the TDM Program.
- Treasure Island Museum in a portion of Building One.
- Childcare facilities.
- Neighborhood community rooms (as described in Section X.D.2 above), up to an aggregate total of 13,500 square feet, currently sized at nine 1,500 square foot rooms, with a tenant improvement allowance for build-out at \$35/sq. ft.

3. TICD Provided Developable Pads for Facilities. TICD will deliver Developable Pads for the following key community services and programs:

- Treasure Island Sailing Center.
- Environmental Education Center.
- Community Gardens, which will be included within the park system.
- A new wastewater and recycled water treatment facility at the same or proximate location as the existing facility.

F. Opportunities For Job Corps Integration.

The 36-acre federal Department of Labor Job Corps campus that is situated in the middle of Treasure Island provides both a planning challenge and an opportunity. Current and former Job Corps directors have expressed interest in Job Corps being linked physically,

programmatically and functionally into the current and future Treasure Island development and community. Job Corps will benefit from new development in the form of new and reliable backbone utility infrastructure, improved transit operations, access to increased open space, educational and cultural amenities, environmental sustainability measures and practices and improved fire and police service. In addition to potential linkages between job training and placement programs at Treasure Island and citywide, there is an opportunity to physically link the campus to the surrounding master development. While these opportunities need to be explored at the appropriate federal levels, there may be opportunities for use of Job Corps facilities for the larger Islands community. Some of these opportunities might include:

- Exploration of the possibility of including the Job Corps recreational fields as part of a larger regional ballfield/recreational facility at Treasure Island.
- Exploration of any potential opportunities to enable community use of the Job Corps indoor gymnasium.
- Exploration of providing community members with access to the Job Corps programs and facilities that provide simple medical/dental and/or urgent care services.
- Exploration of opportunities to locate a future new police and fire station on Job Corps property, which is mutually beneficial to the Project and Job Corps.
- Exploration of opportunities for the Job Corps' use of the community gardens.

G. Phasing.

Like the treatment of the phasing in the affordable housing program and open space development, delivery of the community facilities, including childcare centers and community rooms, will be phased in at points that support the Islands' population and household mix for each phase of the Project. Certain core facilities are expected to be delivered in early phases of the Project. These would include recreational facilities and open space, neighborhood serving retail, the transportation infrastructure and coordinator office, and community spaces. Preliminary indications regarding the phasing of the community facilities are outlined in the Phasing Plan and will be developed in more detail in connection with negotiation of the Transaction Documents.

XI. FINANCING AND TRANSACTION STRUCTURE

A. Financing Principles.

A project as large and complex as the redevelopment of Treasure and Yerba Buena Islands may require many different financing sources such as private equity, traditional construction and permanent financing, and tax exempt, land secured tax exempt financing such as Mello Roos Community Facilities District ("CFD") bonds, and tax increment and tax allocation bonds. However, a key principle of the Project is that it must be financially self-sufficient. In this context, financial "self-sufficiency" means that although TICD may utilize certain forms of tax exempt financing such as CFD, tax increment and tax allocation bonds for the Project, the City's General Fund will not be necessary for infrastructure needs or other capital improvements associated with the Project. As a result, the guiding financing principles are:

- Ensure that the Project is fiscally feasible.
- Fund the Project's capital costs and on-going operation and maintenance costs relating to the redevelopment and long-term operation of the Property in a manner that does not negatively impact to the City's General Fund.
- Ensure that the provision of the community benefits and facilities described in this Development Plan are a priority of the Project.

- Provide a mechanism for the Authority to participate in net profits from the development of the Project in the event TICD achieves a return in excess of agreed upon rates of return.

B. Project Financing.

1. Financing Plan. Attached as Exhibit R is the proposed Financing Plan and Transaction Structure that shows the proposed sources of funds that will be needed to redevelop and operate the Project, and the uses on which the funds will be spent. Sources of revenue include, without limitation, residential pad sales, retail and hotel land sales or leases, rental income from existing residential units, commercial lease income, marketing, profit participation from vertical development, and other revenues ("Project Revenues"). Project uses include all reasonable and necessary direct hard and soft costs incurred in connection with the Project, including, without limitation, predevelopment costs (including predevelopment costs incurred by the Authority and reimbursed by TICD), payments to the Navy, horizontal development costs, contributions for affordable housing, the MCS Payment (as defined below), environmental remediation, payments to the Authority for administrative costs, asset management costs, repair and maintenance costs for existing assets, general and administrative costs, all unrecovered costs related to the Interim Lease, and project management costs (collectively, "Project Expenses"). Project Revenues less Project Expenses is referred to in this Development Plan as "Net Project Revenues." Except for a reasonable limit on management/overhead fees payable to TICD, Project Expenses will not be capped, but will be subject to a "reasonableness" standard, certain approval rights by the Authority and subject to audit by the Authority. Exhibit R includes an estimate of development costs for the Project. A detailed budget, including a detailed predevelopment budget, will be attached as an exhibit to the DDA and updated at close of escrow.

2. Fiscal Impacts Analysis. A key step in formulating the financing and transaction structure for the Project was the preparation of the Fiscal Impacts Analysis, a copy of which is attached as Exhibit S. The Fiscal Impacts Analysis analyzes the future fiscal costs of providing the services and benefits to the Project that are described in this Development Plan, such as police services, fire protection services, parks and open space maintenance, public works, public health, community services and the Authority's administration and oversight. The Fiscal Impacts Analysis also analyzes the future fiscal revenues that will be generated from the Project, such as property tax, property tax in lieu of vehicle license fee, sales tax, motor license fee, property transfer tax, transient occupancy tax, utility tax, business license/payroll tax, franchise fees, and highway users tax. The Fiscal Impacts Analysis provides a basis for evaluating the potential level, timing and costs of General Fund services necessary to support the future neighborhood compared to future General Fund revenues. The Fiscal Impacts Analysis also provides a basis for structuring financial mechanisms to mitigate potential General Fund impacts, and to assure a stable, ongoing source of funding to sustain the quality of life on the Islands.

The Fiscal Impacts Analysis also includes a cash flow that shows the overall municipal revenues and service costs associated with the Project to provide a complete picture of the Project's economics. This analysis measures the net increase in revenues accruing to the City from the new development and the expenses associated with providing additional public and community services like MUNI, police, fire and DPW, as a result of the development. These net impacts are compared against a baseline represented by the current revenues and costs associated with the present use of the Islands, without any new development. As shown in the Fiscal Impacts Analysis attached to this Development Plan as Exhibit S, at build out of the Project, annual fiscal revenues accruing to the City are expected to be greater than the ongoing operating costs of providing services. However, during initial phases of the Project, fiscal shortfalls in the amount of approximately \$37.8 million are likely due to the need for increased levels of public services and infrastructure in advance of many of the new tax revenues generated by the development. Summary tables from an updated fiscal impacts analysis, from which these

numbers are drawn, are included in Appendix A to the Financing Plan and are described in even greater detail in the Fiscal Impacts Analysis. Consistent with the principles outlined previously, this Development Plan requires TICD to pay the Authority an amount equal to the estimated amount of these shortfalls as a municipal and community services payment (the "MCS Payment"). The Authority, in consultation with the Board of Supervisors through the annual budget process, will make the policy decisions regarding whether any portion of the MCS Payment should be spent to augment community services on the Islands or whether, or to what extent, such funds should be paid into the City's General Fund.

In addition to estimating the future fiscal costs and revenues for the Project, the Fiscal Impacts Analysis outlines the following guiding principles upon which future iterations of the Fiscal Impacts Analysis will be based:

- Project financing will not rely on the City's General Fund and will be structured to prevent a negative impact to the General Fund.
- The Authority will establish the MCS Payment for years in which the costs of public services are projected to exceed tax revenues, which will be paid in consideration for the City providing required municipal services to the Islands. The amount of the MCS Payment will be set at the execution of the DDA, and will be a Project Expense that is paid prior to the payment of any Net Project Revenues to TICD under Section XI.C.2. The Authority, in consultation with the Board of Supervisors through the annual budget process, will make the policy decisions regarding whether any portion of the MCS Payment should be spent on augmenting community services on the Islands or whether the entire amount will be paid into the City's General Fund.
- The DDA will identify reliable funding sources for the MCS Payment, open space maintenance and subsidies for transportation services and programs.
- The estimates of future fiscal costs and revenues in the Fiscal Impacts Analysis will be updated in the DDA.

The Fiscal Impacts Analysis includes the following findings:

- At Project buildout, fiscal revenues should cover the annual ongoing operating costs for providing the public services and benefits described in this Development Plan. Additional fiscal revenues will be available to fund additional public services, if necessary.
- The Project will generate additional dedicated revenues and contribute towards Citywide programs that are not described in the Fiscal Impacts Analysis. For example, a portion of the TOT will go towards various City programs. Health and welfare programs will also benefit from increases in State subventions because of additional residents on the Islands. To the extent that assessments, special taxes, or other fees are utilized to fund specific services on the Islands, e.g., road maintenance, other revenues such as additional gas taxes may be available for Citywide services and will not be necessary for Island maintenance.
- During the initial phases of the Project, fiscal shortfalls are likely, requiring Project contributions that can be used to prevent the Project from negatively impacting the General Fund. Shortfalls are projected to occur because of the need for a minimum level of public services and infrastructure in advance of development. For example, a minimum level of fire protection staff and facilities, as well as police protection, is necessary in advance of significant population increases.
- Project-specific funding will cover initial fiscal shortfalls and assure a steady source of ongoing revenue after buildout. For example, assessments, special

taxes, or other fees created by the Project will help to fill funding gaps during and after buildout. It will be important to balance the burdens among various uses to assure that market demand, pricing, and absorption of new development is not significantly affected to the point of threatening project feasibility.

3. Tax Exempt Financing. It is anticipated that a significant portion of the Project Expenses, such as public improvements and community benefits will be financed by TICD's capital contributions. In addition, certain land secured tax exempt financing, including tax increment and CFD funds, will be allocated to offset Project Expenses to support a range of community benefits, including infrastructure, affordable housing and open space. The 20% tax increment set aside for affordable housing required under CRL will be allocated to affordable housing on the Property. The Authority may elect to redirect a portion of tax increment revenues from the improvements identified in the Financing Plan and Transaction Structure (Exhibit R) in the event TICD achieves an internal rate of return in excess of 25% as outlined below. Reallocated tax increment revenues may be used for other redevelopment purposes on the Property, such as to deepen affordable housing subsidies, provide additional community facilities, or to provide economic incentives for desired private uses.

The DDA will include specific requirements for tax exempt financing such as a minimum lien to value ratio and credit enhancements. For example, CFD bond issues will have at least a three to one ratio of the value of property in the CFD as a whole to the amount of the public lien ratio, after calculating the value of the financed public improvements to be installed. In situations where there is less than a uniform three to one property value to public lien ratio for parcels in the CFD and in other situations described in the DDA, the Authority will require additional credit enhancements prior to bond sale.

C. Transaction Structure.

1. Principles. In order to create a feasible and effective financial transaction structure, the Authority and TICD first had to agree to certain basic project economics of the development program. These baseline assumptions informed the Authority and TICD as they sought to reconcile the public policy objectives for the Project (as set forth in the Reuse Plan, the RFQ, the RFP, the ENA, the TIHDI Agreement, and as presented to the TICAB and at various community workshops) with TICD's requirements for a reasonable economic return on its investment.

The parties have agreed upon a transaction structure appropriate for a public/private joint venture of this nature under which the distribution of Net Project Revenues is prioritized according to customary market-based principles regarding risk, financing requirements and the parties' respective financial contributions to the Project.

2. Distribution of Project Revenues. The DDA will afford the Authority with the following participation rights in the profits from the Project to ensure that TICD does not recover windfall profits from the development of the Project.

The Authority and TICD will share in Net Project Revenues, less third party commissions, closing costs, issuance costs, and debt service for land secured tax exempt financing, allocated in the following order of priority:

- i.** First, to TICD, until TICD receives a 20% annual internal rate of return on TICD's capital contributions, compounded quarterly;
- ii.** Second, to the Authority, until the Authority receives the estimated future value of the net rental revenue (less the proportionate share of island-wide operations expenses and all deferred maintenance expenses attributable to the housing) from the existing housing on the Island, currently estimated to be \$32 million;
- iii.** Third, to TICD, until TICD receives an additional 5% annual internal rate of return on TICD's capital contributions, compounded quarterly, such that

under this subsection iii and subsection i above, TICD receives a total 25% annual internal rate of return on TICD's capital contributions; and

iv. Fourth, the remainder to be split 50:50 between the Authority and TICD.

Notwithstanding anything is this Development Plan to the contrary, all of the Authority's unreimbursed predevelopment costs that are reimbursable under the ENA will be treated as Project Expenses and paid to the Authority prior to the payment of any Net Project Revenues to TICD.

3. Participation in Vertical Development Profits. To the extent it is commercially reasonable to do so, all sales agreements, Leases or subleases, as applicable, between a vertical developer and TICD or the Authority will require the vertical developer to pay TICD or the Authority, as applicable, a percentage of net profits from the applicable vertical development above the mutually agreed upon Hurdle Rate. For purposes of Section XI.C.2 above, "Project Revenues" will also include this percentage of net profits from the vertical development to the extent actually received by TICD or the Authority.

D. Transaction Documents.

The Transaction Documents related to the Project are expected to include the DDA, the Lease, and such other related documents between the Authority and TICD as may be necessary and advisable to develop the Property. Generally, the DDA will govern TICD's acquisition and development of the Project. The DDA will deal with, among other things, the transfer of the Property to TICD in fee or by lease, as appropriate, the scope of development, the schedule for performance, and the financing plan for construction of the Project, including the necessary infrastructure. The agreed upon form of the Lease will be attached to the DDA. Generally, the Lease will govern TICD's use of certain portions of the Property that will be subject to the Tidelands Trust and slated for commercial development under the Land Use Plan. The DDA will contemplate the transfer of the Property to TICD, by lease or in fee, as the case may be, in four (4) or more phases. Each phase will be transferred when the conditions to the close of escrow pursuant to the DDA are satisfied.

During negotiation of the Transaction Documents, TICD and the Authority shall negotiate in good faith to address all of the terms and conditions contained in Board of Supervisors' Resolution No. 699-06, a copy of which is attached hereto as Exhibit W.

E. Conditions to Effectiveness of the Transaction Documents.

The Authority and TICD may enter into the Transaction Documents only upon (i) the completion of all appropriate environmental review of the Project under CEQA (and NEPA if required), (ii) approval of the Transaction Documents by the Authority, the Board of Supervisors and the Mayor, (iii) the issuance of any other required governmental approvals, and (iv) the Authority's reasonable approval of evidence of TICD's authorization to enter into the Transaction Documents and its ability to be bound by the obligations thereunder. The significant terms and conditions of the Transaction Documents are set forth below.

F. Disposition and Development Agreement.

The following are some of the key terms that will be included in the DDA:

Term:	The term of the DDA will commence on the date of full execution of the DDA after the conditions described in Section XI.E above are satisfied. As to the horizontal development, and subject to the phased release described below, the term of the DDA will continue until the later of (i) the sale or lease of the final development parcel or (ii) the completion of the horizontal development, unless terminated earlier in
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	<p>accordance with the terms of the DDA. Upon the close of escrow for each development parcel conveyed or leased to a vertical developer, (a) the Authority, TICD and, if applicable, the third-party vertical developer will enter into a Vertical DDA, and (b) the Authority will execute and deliver a Certificate of Completion or other appropriate documentation necessary to release the lien of the DDA to the extent that it encumbers such development parcel. The term of each Vertical DDA will continue until the sale of the final unit on the development parcel (or in the case of rental apartment buildings or leased properties, issuance of a temporary certificate of occupancy) in accordance with the Schedule of Performance described below and the Authority's recordation of a Certificate of Completion for the vertical improvements on such development parcel. The DDA will provide for the recordation of a release of its lien contemporaneously with the sale of each unit or issuance of a temporary certificate of occupancy, as applicable, unless earlier terminated as provided in the Vertical DDA. The form of the Vertical DDAs will be an exhibit to the DDA.</p>
<p>Conditions to the Authority's Obligation to Transfer and Lease the Property to TICD:</p>	<p>For each Major Phase, the Authority will not be obligated to transfer any portion of the Property to TICD by Lease, deed or permit to enter until all applicable conditions set forth in the DDA have been satisfied, including the following: (1) each party has performed all of its obligations under the DDA that are required to be performed prior to close of escrow, including TICD's (a) payment of any funds due and owing at close of escrow, (b) providing any necessary letters of credit or other credit enhancements, (c) executing and delivering a reversionary grant deed and irrevocable escrow instructions in an agreed-upon form attached to the DDA, and (d) with respect to close of escrow for Phases 3 and 4 (but not Phase 2 since Phases 1 and 2 will close concurrently), completion of the Phase 1 horizontal development; (2) the Authority has acquired the Property from the Navy; (3) except in the case of the Site Permit process which will be described in the DDA and may have different approval requirements, the Authority has approved construction documents for the horizontal development of such Major Phase that the Authority agrees are 90% complete and are consistent with the Infrastructure Plan and the other requirements of the DDA; (4) the Authority has approved a detailed construction cost estimate for the horizontal development for such Major Phase prepared by a cost estimator reasonably acceptable to the Authority; (5) TICD has certified to the Authority that it is ready, willing and able to timely perform the tasks set forth in the DDA and in the Schedule of Performance for the horizontal development for such Major Phase; (6) TICD has provided to the Authority certificates of insurance or duplicate originals of insurance policies required under the DDA; (7) there has been no uncured event of default by TICD under the DDA, nor any event, act or omission which with notice and the expiration of any cure period without cure would become an event of default by TICD; (8) a qualified, independent third party has verified TICD's actual Predevelopment Costs to the Authority's reasonable satisfaction; (9) close of escrow has occurred under the Trust Exchange; (10) the portion of the Property constituting the Major Phase to be conveyed to TICD consists of one or more legal parcels under the California Subdivision Map Act and the applicable City subdivision ordinance;</p>

	<p>(11) TICD has provided evidence reasonably satisfactory to the Authority that TICD has obtained financing commitments adequate to complete construction of the horizontal infrastructure for such Major Phase, as set forth in the budget approved by the Authority and attached to the DDA, all in the amounts and by the dates set forth in the Schedule of Performance; (12) TICD has deposited into escrow a duly executed and authorized Performance Bond for such Major Phase; and (13) the parties have agreed upon (a) the Hurdle Rate, (b) the minimum bid price for the 20% Auction Pads in such Major Phase, (c) the locations of the 20% Auction Pads, the 20% JV Pads and the Development Pads for the New TIHDI Units and the Authority Units in such Major Phase, and (d) the order of development for such Major Phase (subject to the parties' reasonable agreement as described in Section III.B hereof).</p>
<p>Conditions to TICD's Obligation to Accept a Transfer or Lease of Property from the Authority:</p>	<p>For each Major Phase, TICD will not be obligated to accept a transfer of any portion of the Property from the Authority by Lease or deed until all applicable conditions set forth in the DDA have been satisfied, including the following: (1) the Authority has performed all of its obligations under the DDA that are required to be performed prior to close of escrow, including formation of the CFD or other applicable financing mechanism contemplated under the Financing Plan for each applicable Major Phase; (2) the Authority has acquired the Property from the Navy; (3) except in the case of the Site Permit process which will be specified in the DDA and may have different approval requirements, the Authority has approved construction documents for the horizontal development of such Major Phase that the Authority agrees are 90% complete and are consistent with the Infrastructure Plan and the other requirements of the DDA; (4) there has been no uncured event of default by the Authority under the DDA, nor any event, act or omission which with notice and the expiration of any cure period without cure would become an event of default by the Authority; (5) close of escrow has occurred under the Trust Exchange; (6) the portion of the Property constituting the Major Phase to be conveyed to TICD consists of one or more legal parcels under the California Subdivision Map Act and the applicable City subdivision ordinance; (7) TICD has obtained financing commitments adequate to complete construction of the horizontal infrastructure for such Major Phase, all in the amounts and by the dates set forth in the Schedule of Performance; (8) the title company is prepared to issue to TICD a title insurance policy vesting title in TICD free of all rights of possession by others and any other liens and encumbrances (and with respect to fee transfer parcels, free from the Tidelands Trust) subject only to such exceptions as are permitted under the terms of the DDA; (9) all regulatory approvals necessary for commencement of construction of horizontal development for the applicable Major Phase have been issued, all applicable appeals periods have run, and the approvals are final, binding and non-appealable; (10) TICD has obtained all insurance policies, including, without limitation, appropriate coverage for its environmental remediation obligations, in such amounts and upon such terms that TICD reasonably determines is necessary to carry out its obligations under the DDA; and (11) the parties have agreed upon (a) the Hurdle Rate, (b) the minimum bid price for the 20% Auction Pads</p>

	in such Major Phase, (c) the locations of the 20% Auction Pads, the 20% JV Pads and the Development Pads for the New TIHDI Units and the Authority Units in such Major Phase, and (d) the order of development for such Major Phase.
Condition of Premises:	TICD will accept each Major Phase of the Property (whether by Lease or in fee) in its "AS IS, WITH ALL FAULTS" condition as of the date of delivery of possession, without representation or warranty of any kind as to the suitability of the Property for construction or subsequent use by TICD. The Authority and the City will have no responsibility for any condition of the Property, including without limitation, the presence of any hazardous materials or hazardous wastes, existing as of the date of the closing, and TICD will waive any potential claims against the Authority and the City arising from the condition of the Property except to the extent arising from the gross negligence or willful misconduct of the Authority. The Authority will provide to TICD all non-privileged documents in the possession of the Authority that relate to the physical condition of the Property.
Approval of Construction Plans:	For each Major Phase, TICD and the third party vertical developers, as applicable, will prepare and submit to the Authority for approval schematic, design development and permit drawings for the horizontal and vertical construction of the Project as required under the DRDAPs. The Authority will review such drawings for consistency with the Design for Development and other Project requirements set forth in the DDA. The horizontal DRDAP and the vertical DRDAP will include reasonable Authority review timeframes in the Schedule of Performance and a dispute resolution mechanism.
Development of Property:	TICD will, at no cost to the Authority, take all actions necessary to complete the Project within the times set forth in the Schedules of Performance and in the manner set forth in the DDA. Such obligations include completion of the horizontal development such as preparation of the affordable housing Developable Pads, infrastructure, parks and open space and applicable community facilities. The Authority will retain title to the Submerged Lands, the affordable housing Developable Pads and the portions of the Property on which infrastructure and other public facilities will be constructed. The Authority will grant TICD the right to enter such portions of the Property for construction of the horizontal infrastructure under a Permit to Enter, the form of which will be attached as an exhibit to the DDA. The costs of due diligence and constructing the Project will be borne solely by TICD. TICD will construct the Project in full compliance with all federal and state laws or regulations, and all applicable local laws or regulations as set forth in the DDA, including prevailing wages and other City requirements described in <u>Exhibit T</u> .
Schedules of Performance:	TICD will diligently prosecute the required work and complete construction of the Project improvements in accordance with the Schedule of Performance for each Major Phase of horizontal development. The Schedule of Performance for each Major Phase of horizontal development will be attached as an exhibit to the DDA. Each Vertical DDA will also include a Schedule of Performance for

	<p>vertical development, which will be established by TICD and the Authority in each Vertical DDA. The Schedules of Performance will be consistent with the Phasing Plan and will include outside dates for: close of escrow for TICD's acquisition of agreed upon Major Phases of the Property, completion dates for the horizontal development of such Major Phases, and completion dates for the vertical development of such Major Phases. Unless the Authority agrees to extend a completion date, if TICD fails to close escrow or complete construction of the required improvements by the applicable completion date for any reason other than a default by the Authority or events of traditional, litigation and economic force majeure set forth in the DDA (subject to any extension options agreed upon in the DDA), then TICD will be in default under the DDA, subject to reasonable notice and cure provisions. The Horizontal DDA and Vertical DDA will include reasonable mortgagee protections, giving mortgagee's rights to notice and cure. The DDA will provide the Authority with agreed-upon remedies and enforcement mechanisms to ensure completion of all phases of horizontal or vertical development within the applicable times. Upon termination of the DDA, TICD will convey to the Authority all non-privileged reports, studies and plans regarding the Project in TICD's possession, or in the possession of TICD's agents, employees or contractors that are reasonably obtainable by TICD, subject to any commercially reasonable conditions on the Authority's reliance on such documents and a release by the Authority of TICD and, if applicable, its agents, employees or contractors, from liability for future use, all as may be required by TICD. Such reports, studies and plans will include, without limitation, conceptual designs, schematic designs, construction drawings, environmental review documents, traffic studies and permits. If the DDA terminates due to a default by the Authority, TICD will have no obligation to convey such reports, studies and plans unless the Authority pays TICD an agreed-upon sum to reimburse TICD for its expenses.</p>
Closing Costs:	<p>TICD will pay any and all costs associated with close of escrow with respect to Property conveyed to TICD in fee or by Lease, including, without limitation, escrow fees, the costs of any title reports, surveys, inspections and premiums for all title insurance obtained by TICD and the cost for title insurance policies protecting the Authority's interest, recording fees, if any, and transfer taxes.</p>
Transfer Provisions:	<p>Prior to completion of the Phase 1 horizontal development (i.e., the geotechnical and seismic stabilization of the Treasure Island perimeter and causeway), and except for permitted mortgages or transfers to affiliates pursuant to standards set forth in the DDA, TICD may not assign or transfer any of its interest under the DDA without the Authority's prior written consent, which consent may be withheld in the Authority's sole and absolute discretion. After completion of Phase 1 of the horizontal development, TICD may assign or transfer any of its interest under the DDA to such third party developers meeting specified criteria for financial and development experience set forth in the DDA and reasonably approved by the Authority.</p> <p>The Authority has certain interests relating to the identity, characteristics and qualifications of the buyers of the finished lots,</p>

	<p>including the requirements set forth in Section II.D.4 above. Thus, the DDA will include specific minimum qualifications for third party vertical developers of the Project.</p> <p>TICD will have no right to assign or transfer any of its rights under the DDA if it is in default under the DDA, unless TICD or the proposed assignee has provided satisfactory assurance that the default will be cured as a condition to the assignment.</p> <p>TICD will not permit an assignment or other transfer of the DDA under any circumstances unless the assignee expressly assumes, in writing for the benefit of the Authority, all of TICD's obligations under the DDA. The DDA will describe the terms under which TICD may be released of future obligations or liabilities under the DDA in connection with a permitted assignment.</p>
<p>Financial Assurances:</p>	<p>The DDA will require TICD's provision of adequate means to assure the Authority and the City that TICD has sufficient financial wherewithal and commitment to fulfill the financial, indemnification and other performance obligations of TICD for each Major Phase of the horizontal development. Subject to agreement of the parties, such means may include, by way of example only, and without limitation, guaranties from suitable entities, performance deposits and/or surety bonds that are appropriate for the guaranteed obligations. The Authority will make determinations as to the adequacy of such assurances in good faith in light of the public purposes and development objectives of the Reuse Plan, the RFQ, the RFP and the ENA and the Community Redevelopment Law requirements and other applicable laws.</p>
<p>Books and Accounts:</p>	<p>TICD will maintain complete and accurate accounting records, in accordance with generally accepted accounting principles in the United States, for the Project Revenues, Project Expenses and other items described in the DDA for the period agreed upon in the DDA. TICD also will maintain complete and accurate accounting records of all construction costs for each phase of the Project for the period agreed upon in the DDA.</p>
<p>Budgets:</p>	<p>A pro forma budget will be attached to the DDA as an exhibit. The budget will be updated prior to close of escrow for each Major Phase and on an annual basis. The DDA will describe the Authority's review and approval rights regarding the budget to confirm that TICD has sufficient financial capability to perform the applicable work in each Major Phase.</p>
<p>Reports:</p>	<p>TICD will provide to the Authority annual reports of Project Revenues and Project Expenses executed by TICD's Chief Financial Officer, and annual reports of Project Revenues and Project Expenses certified by TICD and reviewed by an independent accounting firm, setting forth in reasonable detail the computation of Project Revenues, Project Expenses and Net Project Revenues. The Authority and its agents will have the right to inspect TICD's books and records at TICD's offices within the City. In addition, the Authority will have the right to perform an audit of TICD's books and records, but not more often than</p>

	<p>one (1) time per twelve (12) month period, unless such audit reveals a discrepancy in the calculation of Project Revenues and/or Project Expenses or TICD is otherwise in material default of its financial obligations under the DDA. The Authority will pay the costs of such audit unless it reveals a total discrepancy in excess of 5%, in which case TICD will reimburse the Authority for the costs of such audit. The Authority will keep financial information obtained in the course of such audit or inspection confidential to the extent allowed by law and to the extent that TICD reasonably designates such information as confidential. As soon as practicable prior to releasing any such information, the Authority will provide TICD with written notice of any public records requests for such information and its intent to release any such information if required by law.</p>
Risk of Loss:	<p>TICD will bear the risk of loss for the Property conveyed to TICD under the DDA. The DDA will include provisions requiring TICD to obtain insurance and rebuild infrastructure and other improvements in the event of damage or destruction, subject to limitations on the extent and the time of occurrence of such loss and the availability of insurance proceeds.</p>
Termination:	<p>In addition to all other remedies provided under the DDA, TICD will have the right to terminate the DDA if the Authority, after the expiration of applicable notice and cure periods and subject to force majeure, fails to form the applicable CFDs or implement the tax exempt financings to the extent required under the Financing Plan within the times provided in the DDA or other Transaction Documents, or if escrow for any Major Phase fails to occur within the times provided as a result of a default by the Authority.</p> <p>In addition to all other remedies provided under the DDA, the Authority will have the right to terminate the DDA if TICD, after the expiration of applicable notice and cure periods and subject to force majeure, defaults under the DDA, or if escrow for any Major Phase fails to occur within the times provided as a result of a default by the TICD.</p>

G. Lease.

The following are some of the key terms that will be included in the Lease:

Premises:	<p>The Authority will lease to TICD certain portions of the Property that are encumbered by the Tidelands Trust and slated for commercial development and which TICD is required or has elected to develop under one or more long term Leases on the terms summarized below. Such commercial Leases will be offered in connection with Major Phases, as described in the DDA. If TICD is required or elects to develop a commercial parcel (on its behalf or pursuant to a third-party sublease), then it will enter into a Vertical DDA with the Authority, pursuant to which the Authority will deliver a Lease of the applicable Premises to TICD. The Authority will retain, or transfer to the City, parks, open space lands, and other Tidelands Trust encumbered lands</p>
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	on which public facilities will be constructed.
Term:	The term of each Lease will be no more than 66 years from the date of the close of escrow with respect to the portion of the Premises subject to such Lease. Before the completion of the Project (but after the close of escrow), the Vertical DDA and the Lease will apply, but the Vertical DDA will control in the event of any inconsistency between the Vertical DDA and the Lease.
Uses:	TICD may use the Premises solely for uses that are permitted under the final Land Use Plan, the Redevelopment Plan and other regulatory approvals, and consistent with the Tidelands Trust.
Assignment:	<p>TICD may not, except in accordance with a Permitted Encumbrance (as defined below), transfer or assign any of its interest in the Lease (other than affiliate transfers that do not result in a change in control of TICD or assignments solely for the purpose of obtaining the federal historic tax credit), including causing any significant change in the ownership, control, management, financial capability or qualifications of TICD, without the prior written consent of the Authority, which consent will not be unreasonably withheld. Among other things, it will be "reasonable" for the Authority to withhold such consent if any proposed transferee does not demonstrate to the Authority's satisfaction the level of qualifications, experience and financial capacity necessary to construct, operate and repair the applicable portion of the Project in accordance with, and otherwise comply with the terms of the Lease.</p> <p>Except with respect to a Permitted Encumbrance (which will include reasonable mortgagee protection provisions), TICD will not permit an assignment or other transfer under any circumstances unless the assignee expressly assumes, in writing for the benefit of the Authority, all of TICD's obligations under the Lease. The foregoing notwithstanding, TICD may not assign any of its interest in the Lease prior to the completion of the vertical development on the Premises without the prior written consent of the Authority, which the Authority may withhold in its sole and absolute discretion.</p> <p>TICD will have no right of assignment or sublease if it is in default under the Lease, unless TICD or the proposed assignee has provided satisfactory assurance that the default will be cured as a condition to the assignment.</p>
Subletting:	Subleases, licenses and other occupancy agreements (each a "Sublease") will not require the Authority's prior written consent; provided, that (1) the uses are permitted uses under the Lease, (2) the sublease or license is expressly subject to the terms of the Lease, (3) the term of the Sublease including any extension options does not extend beyond the Term of the Lease, (4) the subtenant, licensee or other occupant agrees to indemnify the Authority against losses arising out of such subtenant's, licensee's or occupants use of the Premises, (5) TICD is not in default, or as a condition to the Sublease, any such default will be cured to the satisfaction of the Authority, (6) TICD provides the Authority with a copy of each Sublease within five (5) days of execution, amendment and extension thereof, respectively, and

	<p>(7) TICD provides the Authority with a current rent roll, including key terms of each Sublease concurrently with delivery to the Authority of each new, amended or extended Sublease and upon each termination of each Sublease.</p> <p>The Authority will have the right to approve the Sublease form, which will require the subtenant to open and operate the subleased premises, subject to commercially reasonable limitations. The covenant to operate will run with the land and be binding upon successors and assigns of the subtenant.</p>
Rent:	Subtenants will be required to pay fair market value rent, which will be determined in accordance with a mechanism set forth in the Vertical DDA and the Lease, provided, however, rent for initial retail space may require subsidy to the extent necessary to attract initial tenants. All rent will be included in the calculation of Project Revenues.
Compliance with Laws:	Throughout the Term, TICD or its subtenants will use and operate the Premises in compliance with all applicable federal and state laws, rules, regulations, and ordinances in effect, and all applicable local laws, rules, regulations and ordinances as set forth in the Lease. TICD or its subtenants, at no cost to the Authority, will comply with all laws and governmental regulations applicable to the Premises (including, but not limited to, disabled access laws and hazardous materials laws), subject to commercially reasonable termination provisions or cost-recovery provisions in the later years of the Lease for extraordinary expenses, and under no circumstances will the Authority be obligated to make repairs or replacements of any kind. Without relieving the Navy's continuing responsibilities under federal laws, TICD or its subtenants will be responsible for any hazardous materials remediation required by any regulatory agency with jurisdiction over the Premises in connection with TICD's or its subtenants' use or occupancy of the Premises.
Maintenance, Operations and Repair:	The Lease will be a "triple-net lease." TICD or its subtenants will, at no cost to the Authority, assume full and sole responsibility for the condition, maintenance, repair and operation of the Premises, including any necessary rehabilitation, repair, seismic or remediation work, equipment, capital improvement, regulatory approvals, possessory interest taxes and any other taxes and assessments subject to commercially reasonable termination provisions or cost-recovery provisions in the later years of the Lease for extraordinary expenses. TICD or its subtenants will, throughout the Term and at their sole cost, take all actions necessary to maintain and operate the Premises in a condition consistent with approved operating standards set forth in the Lease.
Insurance and Damage and Destruction:	TICD or its subtenants will maintain throughout the Term comprehensive general liability, workers' compensation, property (including, to the extent available at commercially reasonable rates, earthquake and flood insurance with commercially reasonable deductibles), automobile liability, personal property, business interruption, host liquor law and food products liability insurance, and any other insurance required by law from carriers of recognized responsibility in amounts and with coverages as may be reasonably

	<p>required by the City's Risk Manager. Except with respect to earthquake insurance, such insurance will be in the amount of 100% of the replacement value of the construction. With respect to earthquake insurance, TICD and the Authority will mutually agree as to the percentage of the completed value of the construction. The Authority must be named as an additional insured on any coverage permitting the Authority to be named as an additional insured. If the Authority cannot be named as an additional insured, then such insurance will specifically insure against TICD's and its subtenants' indemnity obligations to the Authority and the City under the Lease.</p> <p>In the event of any Major Damage (as hereinafter defined) to or destruction of any portion of the Premises during the Term, TICD or its subtenants will repair the damage and rebuild to their prior condition to the extent of available proceeds (provided TICD or its subtenants will be responsible for paying the deductible) and subject to reasonable mortgagee protection provisions. For purposes of this section, the term "Major Damage" means 50% of the completed value of the construction. If there are insufficient proceeds to rebuild or if the casualty is uninsured, then TICD or its subtenants will repair the improvements to the extent that safety hazards are eliminated as reasonably determined by the Authority, and will assign their rights to any remaining insurance proceeds to the Authority. In the last 10 years of the Term, whether or not there are sufficient insurance proceeds to rebuild the improvements, TICD or its permitted assignees hereunder may terminate the Lease and will not be required to rebuild so long as TICD or its permitted assignee or subtenants (subject to reasonable mortgagee protection provisions) repair the improvements to the extent that safety hazards are eliminated as reasonably determined by the Authority, and assign their rights to any remaining insurance proceeds to the Authority.</p>
<p>Nondisturbance and Attornment:</p>	<p>Except in the event of termination due to damage and destruction to the Premises, in the event of a termination of the Lease, the Authority will agree not to disturb the occupancies of subtenants so long as the Sublease conforms to the requirements of subletting set forth above. TICD will require all subtenants to attorn to the Authority in the event of any termination of the Lease. Any nondisturbance and attornment agreements will be on commercially reasonable terms, and subject to commercially reasonable mortgagee protection provisions.</p>
<p>Mortgage of Leasehold:</p>	<p>TICD will be permitted to encumber the Lease to the extent reasonably necessary to obtain construction and permanent financing for the vertical improvements on the Premises from a financially responsible lender or lenders, subject to the conditions set forth below, and provided that the mortgage complies with the conditions of the Lease and the transferee assumes in writing all of the future obligations of TICD under the Lease and TICD's residual equity interest meets the minimum standards that will be set forth in the Lease (a "Permitted Encumbrance"). The Lease will contain commercially reasonable "mortgagee protection" provisions as necessary to permit TICD to obtain such financing and the Lease will not restrict assignment in connection with a Permitted Encumbrance to a lender by operation of a foreclosure of a mortgage or by deed in lieu of foreclosure or to a</p>

	<p>purchaser under a foreclosure sale. Notwithstanding the foreclosure of any such Permitted Encumbrance, TICD will remain liable to the Authority for the payment of all sums due from TICD under the Lease prior to such foreclosure and not otherwise recovered by the Authority. TICD will provide the Authority with notice of any such Permitted Encumbrance. In no event will the Authority's fee interest in the Premises or the Authority's interest in the Lease be encumbered or subordinated. TICD may not use the leasehold as security for any financing or refinancing unassociated with the construction or operation of the Project.</p>
<p>Utilities and Services:</p>	<p>TICD or its subtenants will, at no cost to the Authority, procure and pay for all utility, sewer, mechanical or other services needed or useful for its operations on the Premises. If required by the Authority, TICD and its subtenants will purchase electricity from the City's utility, Hetch Hetchy Water and Power or other City source so long as it is reasonably available for the Project's needs, the level of service is substantially equivalent or better than that available on the open market, it can be separately metered and implemented without significant additional cost or delay (including delivery of service to construction sites), and the price is equivalent or less than then prevailing market rates for comparable types of loads.</p>
<p>Remedies:</p>	<p>Upon the occurrence of an uncured event of default under the Lease by TICD, the Authority may keep the Lease in effect and sue for damages, terminate the Lease, institute an action for specific performance, and/or assert any rights and remedies that it may have under law. The Lease will include commercially reasonable security for the obligations under the Lease such as a security deposit or letter of credit.</p>
<p>Surrender of Premises:</p>	<p>Upon the expiration or earlier termination of the Lease, TICD or its subtenants will return to the Authority the Premises, including without limitation, all improvements (but not any personal property), in a good, clean and operable condition subject to normal wear and tear, free of any liens or encumbrances except for any permitted title exceptions. If required by the Authority at the time of approval of any improvements to Building One, the hangars and other structures designated as historical structures, or contributory to an historic district, TICD or its subtenants also will restore the Premises to a condition required by SHPO, including, without limitation, reversing any specified improvements to Building One, the hangars and other historical structures in compliance with the Secretary of the Interior's Standards.</p>
<p>Indemnity:</p>	<p>TICD will indemnify the Authority from all Losses (to be defined in the Lease) arising from its use and operation of the Premises, except to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Authority.</p>
<p>Accessory Uses and Improvements:</p>	<p>The Lease shall allow TICD to enter into permits and subleases that allow placement of solar technologies, telecom facilities (such as cellular towers), and other improvements serving residents of the Islands on or within existing and proposed improvements on the leased Property, subject to the terms of the Redevelopment Plan, the Design</p>

	for Development and other applicable land use documents.
City Requirements:	TICD and each company hired by TICD or hired by a contractor or subtenant of TICD will be required to comply with (i) all of the City requirements applicable to the Project as of the date of the DDA, including those described in <u>Exhibit T</u> , and (ii) the Jobs and Equal Opportunity Plan described above. These requirements will be incorporated into the Lease and the Subleases.
Access:	TICD and its subtenants will provide reasonable access in, on, under and across the Premises to the Authority, and its respective officers, employees, agents, contractors, and subcontractors for monitoring the construction and operation of the Project for compliance with the obligations under the Transaction Documents.

H. Interim Leasing.

As a condition to its continued exclusive right to develop the Property, upon execution of the DDA, TICD and the Authority will enter into a sublease, management agreement or other mutually acceptable arrangement (the "Interim Lease") for TICD to provide interim management services to the Property including, without limitation, property management, marketing, leasing, financing and community outreach, except as otherwise agreed by the Authority and TICD.

XII. NEXT STEPS

A. Conveyance of the Property from the Navy to the Authority.

The Authority expects to complete negotiation of a conveyance agreement with the Navy and other necessary agreements for the Navy's conveyance of the Property to the Authority within 12 months after the Board of Supervisors' endorsement of this Development Plan. The necessary approvals for the conveyance of the Property from the Navy to the Authority include the following:

1. San Francisco Planning Commission/Planning Department.

- a. Adopts and recommends to the Board of Supervisors approval of any amendments to the General Plan that are necessary for the conveyance of the Property to the Authority.
- b. Issues a determination of consistency with the General Plan and Planning Code Section 101.1, Priority Planning Policies, and recommends their adoption to the Board of Supervisors.

2. Treasure Island Development Authority.

- a. Adopts a resolution authorizing the Authority to enter into a conveyance agreement with the Navy, subject to approval by the Board of Supervisors.
- b. Adopts a resolution authorizing the Authority to enter into environmental agreements regarding environmental remediation with the Navy, the State of California and selected environmental remediation contractors, as necessary, subject to approval by the Board of Supervisors.
- c. Adopts a resolution authorizing the Authority to enter into agreements for the provision of utilities to the Property, as necessary, subject to approval by the PUC, if necessary, and the Board of Supervisors.

3. San Francisco Board of Supervisors.

a. Adopts a resolution authorizing the Authority to enter into a conveyance agreement with the Navy.

b. Adopts a resolution authorizing the Authority to enter into environmental agreements regarding environmental remediation with the Navy, the State of California and selected environmental remediation contractors, as necessary.

c. Adopts a resolution authorizing the Authority to enter into agreements for the provision of utilities to the Property, as necessary.

4. Governor in Consultation with State Agencies.

a. Issues a Covenant Deferral Request to approve Early Transfer of the Property under CERCLA Section 120(h)(3)(C), as necessary.

5. California Environmental Protection Agency.

a. Possible concurrence in Navy Finding of Suitability to Transfer.

b. Issues environmental orders and enters into environmental agreements with the Authority, as necessary.

B. Redevelopment of the Property.

The Authority expects that the entitlement process for redevelopment of the Property will be completed within 24 months after the Board of Supervisors' endorsement of this Development Plan. During this same period, the Authority expects to complete negotiations with TICD, the City, the State Lands Commission, TIHDI and other appropriate entities regarding the Transaction Documents and other appropriate agreements necessary for the redevelopment of the Property. The TICAB will continue to provide advice and recommendations to the Authority Board during the entitlement and negotiation process.

The agencies listed below will consider additional environmental review required under CEQA and other actions associated with the redevelopment of the Property as described in this Development Plan:

1. San Francisco Planning Commission/Planning Department.

a. Prepares and completes additional environmental review as required under CEQA and San Francisco Administrative Code Chapter 31.

b. Adopts CEQA Findings and a Mitigation Monitoring Program.

c. Determines consistency of the Redevelopment Plan and Design for Development documents and other approvals with the General Plan and Planning Code Section 101.1, Priority Planning Policies, and recommends their adoption to the Board of Supervisors.

d. At the request of the Authority, endorses and recommends to the Board of Supervisors for approval the Redevelopment Plan and Design for Development documents for the Treasure Island Redevelopment Area.

e. Approves and recommends to the Board of Supervisors for approval a General Plan Amendment and any necessary Planning Code and Zoning Map Amendments to make them consistent with the Redevelopment Plan.

2. Treasure Island Development Authority.

a. Adopts CEQA Findings and Mitigation Monitoring Program.

b. Approves and recommends to the Board of Supervisors for approval the Redevelopment Plan and Design for Development documents for the Treasure Island Redevelopment Area.

c. Endorses and recommends to the Board of Supervisors for approval the General Plan Amendment and the Zoning Map Amendment.

d. Approves and recommends to the Board of Supervisors for approval the DDA (including the DRDAP), the Lease, the Interim Lease, the Interagency Cooperation Agreement, the Tidelands Trust Exchange Agreement and other Transaction Documents including financing agreements and leases, related utility agreements, and environmental implementation agreements with State agencies.

3. Board of Supervisors.

a. Hears and decides any appeal of CEQA environmental review document.

b. Adopts CEQA Findings and a Mitigation Monitoring Program.

c. Approves the General Plan Amendment and any necessary Planning Code and Zoning Map Amendments.

d. Adopts the Redevelopment Plan and Design for Development documents for the Treasure Island Redevelopment Area.

e. Approves the DDA (including the DRDAP), the Lease, the Interim Lease, the Interagency Cooperation Agreement, the Tidelands Trust Exchange Agreement and other Transaction Documents including financing agreements and leases, related utility agreements, and environmental implementation agreements with State agencies.

f. Adopts amendments to the San Francisco Subdivision Code, creating a new sub-chapter creating standards and process requirements for subdivision maps on the Property.

g. Adopts Ordinance creating a Parking and Transportation District for the Property.

4. San Francisco Bay Conservation and Development Commission.

a. Possible related approval actions.

5. State Lands Commission.

a. Possible related approval actions, including findings of consistency with the Tidelands Trust and/or approval of any Exchange Agreements.

XIII. DEVELOPMENT PLAN SUBJECT TO CEQA

The Authority's Board of Directors and the Board of Supervisors will consider final Transactional Documents for the development of the Property pursuant to the schedule set forth above. While this Development Plan strives to summarize certain basic terms essential to those agreements, it is not intended to be, and will not become, contractually binding on the Authority or TICD, and no legal obligation will exist under this Development Plan unless and until the parties have negotiated, executed and delivered mutually acceptable agreements based upon information produced from the CEQA process and other public review and hearing processes and subject to all applicable governmental approvals.

The parties acknowledge that the goal of this Development Plan is to achieve a negotiated balance between the public policy objectives of the project (as set forth in the Reuse Plan, the RFQ, the RFP, the ENA, the TIHDI Agreement and this Development Plan) and TICD's need for

a reasonable market return on its investment. After execution of this Development Plan and during the remaining term of the ENA, the parties will negotiate in good faith to complete final transaction documents and a final development program that provide a level of public benefits substantially consistent with the Development Plan and achieve TICD's reasonable market return. Without limiting the foregoing, TICD has made key assumptions as to the financial feasibility of the Project based upon the level of public benefits and private development rights described herein. If, prior to entering into the DDA, circumstances arise as to change the key assumptions hereunder, there may be a material adverse effect on TICD's ability to achieve its reasonable market return and the project's ability to finance the level of public benefits described in this Development Plan. If, prior to entering into the DDA, any of the key assumptions prove to be materially different such that the costs of development would be materially increased, the rights of TICD or the other developers to develop the Property would be materially decreased, or the land value for vertical sales would be materially decreased, then the parties will negotiate in good faith for the remaining term of the ENA to reach a fair and balanced agreement that provides TICD with its reasonable market rate return and the City and the Authority with an appropriate public benefits package that achieves the public policy objectives of the Project.

Before entering into final Transaction Documents, the Authority and the City retain the absolute discretion to (a) make modifications to the Project and any proposed agreements as are deemed necessary to mitigate significant environmental impacts, (b) select other feasible alternatives to avoid such impacts, (c) balance benefits against unavoidable significant impacts before taking final action if such significant impacts cannot otherwise be avoided, or (d) determine not to proceed with the proposed Project based upon the information generated by the environmental review process.

XIV. DEFINITIONS

- (a) "20% Auction Pads" as defined in Section II.D.4.
- (b) "20% JV Pads" as defined in Section II.D.4.
- (c) "Act" as defined in Recital H.
- (d) "Application" as defined in Recital K.
- (e) "Authority" means the Treasure Island Development Authority, a public body, corporate and politic of the State of California
- (f) "Authority Board" means the Treasure Island Development Authority Board of Directors.
- (g) "Authority Units" as defined in Section VII.B.2.b
- (h) "BRAC" as defined in Recital D.
- (i) "CEQA" as defined in Recital F.
- (j) "CFD" as defined in Section XI.A.
- (k) "City" means the City and County of San Francisco.
- (l) "CRC" as defined in Recital E

(m) "CRL" as defined in Section VII.B.3

(n) "DBI" as defined in Section II.C.2.d

(o) "DDA" as defined in Recital Q.

(p) "Design for Development" as defined in Section II.C.1.

(q) "Developable Pads" means a building site to be prepared by TICD and conveyed or re-conveyed to the Authority, TIHDI or TIE, as applicable, and that complies with all of the following:

(1) A final subdivision map for conveyance and financing of the building site as a separate legal parcel has been recorded in the Official Records of the City and County of San Francisco, and applicable appeal periods for such approvals and the environmental clearances for such approvals have expired without appeal, or if there has been an appeal, a final non-appealable judgment has been entered in a Court or administrative agency of competent and final jurisdiction affirming the approvals and environmental clearances that were issued by the City for the building site;

(2) the building site has been graded in accordance with the grading plans approved by the City with the pad elevations certified by TICD's civil engineer; and

(3) all other obligations outside the boundaries of the Developable Pad as required by all applicable governmental agencies or quasi-governmental agencies with jurisdiction over the Property or the Project (collectively, the "Governmental Agencies") have been fulfilled or appropriate guarantees, bonds and/or subdivision improvement agreements acceptable to the City are in place to ensure their fulfillment in order to enable the Authority, TIHDI or TIE, as applicable, upon satisfaction of any conditions related to subdivision and completion of all in-tract improvement work (i.e., improvement work within the boundaries of the Developable Pad) required under the applicable conditions of approval, improvement plans and any applicable subdivision improvement agreement for the tentative and final map for the applicable Developable Pad, submittal of building plans to TICD and Governmental Agencies for approval, and payment of building permit fees, to obtain a building permit to commence construction and upon the completion of construction, to obtain a permanent certificate of occupancy.

(r) "Development Plan" means this Development Plan and Term Sheet for the Redevelopment of Naval Station Treasre Island.

(s) "DRDAP" as defined in Section II.C.2.

(t) "Jobs and Equal Opportunity Program" as defined in Section VIII.A.

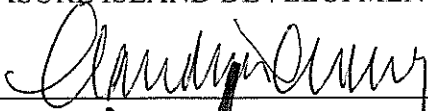
(u) "EIR" as defined in Recital F.

- (v) "EIS" as defined in Recital F.
- (w) "ENA" as defined in Recital Q.
- (x) "Excluded Properties" as defined in Recital B.
- (y) "Existing Households" as defined in Section VII.C.1.
- (z) "Existing Housing" as defined in Section VII.C.2.
- (aa) "FOST" as defined in Section I.B.4.
- (bb) "Hurdle Rate" as defined in Section II.D.4.
- (cc) "JSCo" as defined in Section VII.C.1.
- (dd) "Interim Lease" as defined in Section XI.H.
- (ee) "Lease" as defined in Recital Q.
- (ff) "LRA" as defined in Recital D.
- (gg) "Major Phases" as defined in Section I.C.1.
- (hh) "Marina Project" as defined in Section II.A.4.
- (ii) "Market Rate Units" as defined in Section VII.C.1.
- (jj) "MCS Payment" as defined in Section XI.B.2.
- (kk) "Minimum Commercial Development" as defined in
Section III.C.2.b.
- (ll) "Navy" as defined in Recital A.
- (mm) "Net Project Revenues" as defined in Section XI.B.1.
- (nn) "New TIHDI Units" as defined in Section VII.B.2.a
- (oo) "NSTI" as defined in Recital A.
- (pp) "Permitted Encumbrance" as defined in Section XI.G.
- (qq) "Project" as defined in Section I.A.
- (rr) "Project Expenses" as defined in Section XI.B.1.
- (ss) "Project Revenues" as defined in Section XI.B.1.
- (tt) "Property" as defined in Recital B.

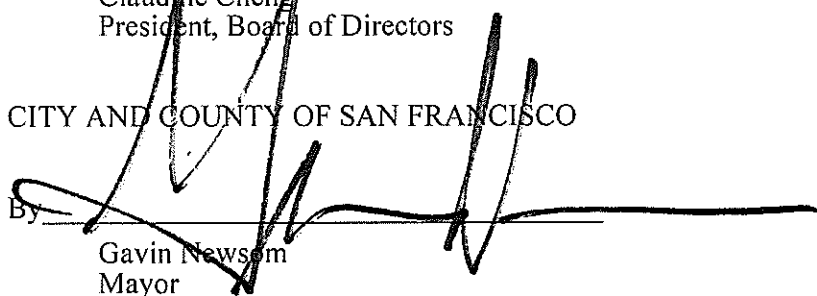
- (uu) "Qualifying Date" as defined in Section VII.C.2.
- (vv) "Redevelopment Plan" as defined in Recital F.
- (ww) "Reuse Plan" as defined in Recital F.
- (xx) "RFP" as defined in Recital M.
- (yy) "RFQ" as defined in Recital M.
- (zz) "Secretary Standards" as defined in Section II.A.3.
- (aaa) "Studies" as defined in Recital R.
- (bbb) "Submerged Lands" as defined in Recital A.
- (ccc) "TICAB" as defined in Recital N.
- (ddd) "TICD" means Treasure Island Community Development, LLC, a California limited liability company.
- (eee) "Tidelands Trust" as defined in Recital H.
- (fff) "TIE" as defined in Section II.A.4.
- (ggg) "TIHDI" as defined in Recital G.
- (hhh) "TIHDI Agreement" as defined in Recital G.
- (iii) "TIHDI DDA" as defined in Section VII.B.2.a.
- (jjj) "TIHDI Units" as defined in Section VII.C.1.
- (kkk) "TOT" as defined in Section II.A.3.
- (lll) "Transaction Documents" as defined in Recital Q.
- (mmm)"Transportation Phasing Plan" as defined in Section V.C.
- (nnn) "Trust" as defined in Recital H.
- (ooo) "Vertical DDA" as defined in Section III.C.1.

This Development Plan is executed as of the __ day of February, 2007.

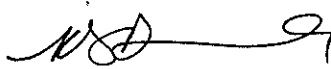
TREASURE ISLAND DEVELOPMENT AUTHORITY


By 
Claudine Cheng
President, Board of Directors

CITY AND COUNTY OF SAN FRANCISCO

By 
Gavin Newsom
Mayor


TREASURE ISLAND COMMUNITY DEVELOPMENT,
a California limited liability company

By 
Name: Kofi Bonner
Title: President

By 
Name: TERRENCE E. FANCHER
Title: _____


THE FOREGOING DEVELOPMENT PLAN HAS BEEN REVIEWED AND CONSENTED TO BY:

Lennar Corporation,
a Delaware corporation

By: 
Name: Kofi Bonner
Title: President

By: _____
Name: _____
Title: _____

KSWM Treasure Island, LLC,
a California limited liability company

By: 
Name: TERRENCE E. FANCHER
Title: _____

By: _____
Name: _____
Title: _____

EXHIBITS:

EXHIBIT A – DIAGRAM OF PROPERTY/ DIAGRAM OF EXCLUDED PROPERTIES

EXHIBIT B – ILLUSTRATIVE CONCEPTUAL LAND USE PLAN

EXHIBIT C– PROPERTY TO BE FREED FROM TIDELANDS TRUST

EXHIBIT D – ILLUSTRATIVE ZONING MAP AND DESCRIPTION

EXHIBIT E – DESIGN CONCEPTS AND STRATEGIES

EXHIBIT F – KEY PORTION OF JOB CORPS SITE

EXHIBIT G – CONCEPTUAL LAND USE PLAN FOR MARINA PROJECT

EXHIBIT H– ILLUSTRATIVE PHASING PLAN

EXHIBIT I – INFRASTRUCTURE PLAN

EXHIBIT J – TRANSPORTATION PLAN

EXHIBIT K – SUSTAINABILITY PLAN

EXHIBIT L – HOUSING AND TRANSITION PLAN EXHIBITS

EXHIBIT M – JOBS AND EQUAL OPPORTUNITY PROGRAM

EXHIBIT N – EMERGENCY SUPPORT PLAN

EXHIBIT O – TIHDI AGREEMENT

EXHIBIT P – DEMOGRAPHICS STUDY

EXHIBIT Q – COMMUNITY FACILITIES PLAN

EXHIBIT R - FINANCING PLAN AND TRANSACTION STRUCTURE

EXHIBIT S - FISCAL IMPACTS ANALYSIS

EXHIBIT T – CITY REQUIREMENTS

EXHIBIT U – LIST OF PUBLIC MEETINGS

EXHIBIT V – RESPONSES TO COMMENTS ON DEVELOPMENT PLAN

EXHIBIT W – BOARD OF SUPERVISORS RESOLUTION NO. 699-06

ALL EXHIBITS ARE ON FILE WITH THE SECRETARY OF THE TREASURE ISLAND DEVELOPMENT AUTHORITY AND ALSO ARE AVAILABLE FOR DOWNLOADING FROM THE AUTHORITY'S WEBSITE AT www.sfgov.org/treasureisland

DRAFT: 11/08/01

**TERM SHEET
FOR THE REDEVELOPMENT, EXPANSION AND OPERATION OF THE
TREASURE ISLAND MARINA**

This Term Sheet, dated as of _____, 200_, summarizes certain basic terms of a proposed lease disposition and development agreement ("DDA") and long-term ground lease ("Lease") by and between the Treasure Island Development Authority, a non-profit public benefit corporation (the "Authority"), and Treasure Island Enterprises, LLC, a California limited liability company ("TIE") for the redevelopment, expansion and operation of the Treasure Island Marina and certain related land-side amenities (the "Project") on those portions of former Naval Station Treasure Island defined as the "Premises" below

I. BACKGROUND

On May 2, 1997, the Board of Supervisors of the City and County of San Francisco (the "City") authorized the Mayor's Treasure Island Project Office to establish the Treasure Island Development Authority. The Authority was established for the purpose of overseeing and implementing the redevelopment, reconstruction, rehabilitation, reuse, and conversion of the Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare, and common benefit of the inhabitants of the City.

Under the Treasure Island Conversion Act of 1997 (AB 699), the California legislature: (i) designated the Authority as a redevelopment agency for all purposes under the Community Redevelopment Law (Sections 33000 et seq. of the Health and Safety Code) with authority over the Base; (ii) granted the Authority the right to administer the public trust for commerce, navigation, and fisheries (the "Tidelands Trust") as to those areas of the Base which are former tide or submerged lands and, therefore, subject to the Tidelands Trust; and (iii) provided the Authority with the ability to acquire, sell, lease, exchange, transfer, convey, or otherwise grant interests in or rights to use or occupy all or any portion of the real property located on the Base.

On January 21, 1998, the Authority issued a Request for Proposals ("RFP") to evaluate proposals related to the redevelopment and expansion of the Treasure Island Marina. TIE was one of three finalists who submitted proposals in response to the RFP. After considering the recommendations of a selection committee appointed by the Authority and considering the results of an independent analysis of certain components of the RFP selection criteria by the Sedway Group, the Authority confirmed the selection of TIE as the prospective developer of the Project.

On February 17, 1999, the Board of Directors of the Authority adopted a resolution authorizing the Executive Director of the Authority to enter into an exclusive negotiating agreement ("the "ENA") with TIE for the development of the Project in accordance with the RFP and TIE's response to the RFP ("TIE's Proposal"). Among other things, the ENA included a series of milestones related to the Authority's negotiations with TIE, including the following: (i) the negotiation and execution of an interim sublease for operation of the existing marina, (ii) the development and endorsement of a preliminary development concept (the "PDC") for the long term development of the New Marina (as described below) that describes, among other things, proposed project boundaries, a phasing plan, proposed uses and general facility design,

and (iii) the negotiation and endorsement of a term sheet addressing the material business terms of the proposed DDA and Ground Lease, including financing plans for each phase of development and community programs, including hiring plans consistent with the TIHDI job broker programs, and an updated phasing plan for development of the Project.

On September 2, 1998, the Authority and TIE entered into a two-year sublease for the interim operation by TIE of the existing marina, including, without limitation, the performance of all property management, marketing, leasing, protection, maintenance and repair responsibilities of the Authority required under its Master Lease with the United States Government, acting by and through the United States Navy (the "Navy"). The Parties intend to extend the term of such sublease until such time as construction of the New Marina is complete.

On November 10, 1999, the Authority considered TIE's PDC for the New Marina. A revised copy of the PDC consistent with this Term Sheet is attached hereto as Exhibit A.

On December 21, 2000, the Authority approved an extension of the ENA.

Concurrently with its exclusive negotiations with TIE, the Authority is in the process of adopting a redevelopment plan in accordance with the Community Redevelopment Law and negotiating with the Navy for the conveyance of the Base from the Navy to the Authority pursuant to the Authority's application for Economic Development Conveyance dated June 19, 2000. Additionally, the City has endorsed a Draft Reuse Plan for the Base which was developed following extensive community and public input and discussion. The parties currently contemplate that prior to entering into any agreements for the lease and development of the Premises (i) all required environmental review for the Project under the California Environmental Quality Act ("CEQA") and the National Environmental Protection Act ("NEPA") will have been completed, (ii) both the Authority and the City will have approved a redevelopment plan for the Base in accordance with the Community Redevelopment Law and a Sub-Area Specific Plan for the New Marina that allows development of the Project, and (iii) the Navy will have conveyed fee title to the Premises to the Authority. In the event that the Navy has not conveyed fee title to the Premises to the Authority by the time all CEQA and NEPA documentation necessary to approve the Transaction Documents (defined below) have been completed, the parties agree to negotiate in good faith to transfer and develop the Premises as provided herein pursuant to a Lease in Furtherance of Conveyance ("LIFOC") between the Navy and the Authority and a sublease between the Authority and the Developer on substantially the same terms as the terms of the Lease described below.

The Authority is also in the process of selecting a "Master Developer" to implement and oversee overall development of the Base pursuant to the City's Reuse Plan for the Base and specific development plans to be approved by the Authority in connection with such selection process (the "Base-Wide Master Development Plan").

II. PROJECT DESCRIPTION

A. The Premises.

The Premises will be generally comprised of a thin strip of land along the southern edge of Treasure Island and the water area running from the western end of the causeway (connecting Treasure Island with Yerba Buena Island) approximately 2,100 feet along the water's edge of the southern end of Treasure Island to the location of the proposed floating breakwater/wave attenuator at the southeastern end of Treasure Island and extending approximately 900 feet into Clipper Cove from the southern edge of Treasure Island. The Premises will not include Building 180 and the adjacent parking lot between Building 180 and Building 2. The Premises are more particularly described in two separate phases, as shown in the attached Exhibits B-1 and B-2. The Phase I Premises are depicted on Exhibit B-1, and the Phase II Premises are depicted on Exhibit B-2, and include an area in the northeastern corner of Treasure Island for drystack boat storage. Together, the Phase I Premises and the Phase II Premises shall hereinafter be referred to as the "Premises".

B. The Scope of Development.

As depicted in the PDC attached hereto as Exhibit A, the Project will consist of two distinct phases: (i) first, TIE will construct certain permanent waterside improvements and temporary landside improvements (the "Phase I Waterside Improvements"), and (ii) then, upon the satisfaction of certain conditions precedent, TIE will construct certain additional permanent landside improvements (the "Phase II Landside Improvements"). Together, the Phase I Waterside Improvements and the Phase II Landside Improvements are sometimes collectively referred to herein as the "New Marina."

1. As more specifically shown on the PDC, the Phase I Waterside Improvements will consist of the following:
 - a. Marina Slips. TIE shall construct approximately 400 boat slips with energy conservation metering, telephone and cable services, and security. The slip lengths will range in size in order to provide flexibility for servicing all types of boats.
 - b. Public Pier. An approximately 700-foot long by 12-foot wide public pier (the "Public Pier") located generally at the center of the New Marina. The public pier shall be handicapped accessible and shall be designed to allow for manually launched, non-motorized, light watercraft such as kayaks and canoes. There shall be public docking area and public pedestrian space on the pier in substantial conformity with the PDC attached hereto as Exhibit A.
 - c. Floating Breakwater/Wave Attenuator. TIE shall install a floating breakwater/wave attenuator (the "Wave Attenuator") in substantial conformity with the PDC attached hereto as Exhibit A, which may include, without limitation, state-of-the-art fuel and pump-out facilities. The Wave Attenuator may contain facilities for a convenience store and temporary side ties.

- d. Walkway, Landscaping, and Other Improvements. TIE shall construct or install a temporary walkway, temporary landscaping, and construct or install other temporary improvements as shown in the PDC. Such other temporary improvements shall include, without limitation, one or more temporary restroom, shower, and laundry facilities and such other temporary landside improvements as are necessary for the use and enjoyment of, and to connect and provide access to, the Phase I Waterside Improvements.
 - e. Temporary Parking Areas. TIE shall construct and/or may utilize temporary parking as follows: (i) shared use of approximately 30 parking spaces in the current marina parking/Delancey Street Café parking area; (ii) approximately 45 parking spaces in front of Building 2; (iii) approximately 65 parking spaces in front of Building 3; and (iv) 100+ parking spaces at the southeastern corner of Treasure Island, east of Building 3.
 - f. Dredging. TIE shall perform or cause the performance of all dredging in Clipper Cove necessary for the construction of the Phase I Waterside Improvements and the operation of the New Marina. TIDA shall cooperate fully with TIE in all aspects of the permitting process for dredging activities, except that TIE shall be solely and exclusively responsible for the costs of any dredging in Clipper Cove and TIDA shall not be required to incur any costs in connection with such cooperation.
 - g. Demolition. TIE shall demolish the existing marina in phases as described further below.
2. As more specifically shown on the PDC, the Phase II Landside Improvements will consist of the following elements:
- a. Buildings A and B: Two new buildings will be constructed by TIE at the locations generally depicted as Building A and Building B on the PDC. Building A will be used as a restaurant and catering service, and Building B will be used as public space, a yacht club, and other administrative and office uses. Both buildings will be two-stories in height. Building A will be approximately 11,500 square feet, and Building B will be approximately 9,150 square feet.
 - b. Permanent Parking. TIE shall construct and/or may utilize permanent parking as follows: (i) shared use of approximately 30 parking spaces in the Marina parking/Delancey Street Café parking area; (ii) approximately 45 parking spaces in front of Building 2; (iii) approximately 65 parking spaces in front of Building 3; and (iv) 100+ parking spaces at a mutually satisfactory location to be developed in conjunction with the Base-Wide Master Development Plan. To address runoff from the permanent parking, TIE will install the following improvements: (X) TIE will trench drains at the lowest edge of existing streets to collect and direct the run-off

through a sediment trap, where oil, grease and other sediment will be captured, before flowing into the Bay; and (Y) TIE will upgrade existing catch basins to filtering systems to ensure that oil, grease and other sediments do not run-off into the Bay.

- c. Dry-Stack Storage. The Authority will include in the Phase II Premises an area in the northeast corner of Treasure Island and an existing boat launch for dry-stack boat storage.
- d. Walkway, Landscaping, and Other Permanent Landside Improvements. TIE shall construct a permanent walkway and install landscaping on the Phase II Premises (the "Walkway and Landscaping Finishes"), and construct or install such other improvements on the Phase II Premises set forth in the PDC. Such other improvements shall include, without limitation, one or more restroom, shower, and laundry facilities and such Phase II Landside Improvements as are necessary to connect and provide access to the Phase I Waterside Improvements. The Walkway and Landscape Finishes shall be located within the Phase II Premises and shall be part of a greater perimeter pathway around Treasure Island to be constructed by the Master Developer in accordance with the Base-Wide Master Development Plan

C. Phasing

The New Marina shall be constructed in substantial accordance with the schedule of performance attached hereto as Exhibit C (the "Schedule of Performance"). The Phase I Waterside Improvements will itself consist of two subphases: (A) the construction of 250 new boat slips, the Wave Attenuator, the Public Pier, temporary restrooms, showers, and offices, and those temporary Landside improvements that are necessary to connect and provide landside access to those waterside improvements to be constructed in this first subphase, and (B) the demolition of the existing 108 boat slips, walkway and other improvements from the existing marina and construction of approximately 150 new boat slips, a temporary walkway and temporary landscaping along the shoreline, and temporary improvements to parking areas as described in the PDC and Final Development Concept.

The Phase II Landside Improvements will be constructed upon satisfaction of the conditions to disposition of the Phase II Premises set forth below and in accordance with the timeframes set forth in the Schedule of Performance.

TIDA shall guarantee TIE access to and from the Premises.

D. Final Development Concept

Prior to the Authority's approval of the DDA, TIE shall prepare and submit to the Authority for its reasonable approval, a final development concept for the New Marina based on and in substantial conformance with the PDC attached hereto (the "Final Development Concept"). TIE shall present a draft Final Development Concept at a workshop with the Authority in accordance with the Schedule of Performance. TIE shall modify the draft Final Development Concept based upon comments received at the workshop with the Authority and

subsequently present the revised Final Development Concept at a public workshop on Treasure Island that includes the Treasure Island Citizen's Advisory Board. Upon completion of the workshops, TIE shall submit a further revised Final Development Concept to the Authority for its approval. Once the Authority has approved the Final Development Concept, the Final Development Concept will be attached to the DDA as an exhibit and will comprise the "Scope of Development" thereunder.

E. Public Improvements.

In order to integrate development of the New Marina into the Base-Wide Master Development Plan, TIE will need to construct certain facilities and provide certain services that will provide base-wide benefits. Accordingly, TIE shall be entitled to receive a rent credit under the Lease for the following costs (collectively, the "Public Improvements Costs"):

1. The actual hard costs of the dredging described in the Phase I Waterside Improvements and any actual, commercially reasonable interest thereon, to the extent any of such costs and interest have been approved in advance by the Authority.
2. 50% of the actual hard costs of the Walkway and Landscaping Finishes, to the extent such costs have been approved in advance by the Authority

TIE will receive the benefit of certain Base-Wide improvements to be made by the Master Developer pursuant to the Base-Wide Master Development Plan, including the following: perimeter seismic retrofitting around Treasure Island, public streets, street lighting, sewers, and storm drains and the installation of basic infrastructure facilities (together, the "Basic Base Improvements"). Upon a review of TIE's pro-forma for the Marina by a qualified consultant, the Parties will consider the appropriate amount, if any, of a reasonable fee for TIE's pro rata share of Basic Base Improvements. This fee, if assessed, shall be due and payable upon the Phase II Trigger Date (as defined below) and may be paid to the Authority or the Master Developer as the Authority may, in its sole discretion, designate.

III. TRANSACTION DOCUMENTS AND TERMS

A. Generally. The transaction documents shall consist of the DDA and Lease, and such other related documents between the Authority and TIE as may be necessary and advisable to complete and operate the New Marina (the "Transaction Documents"). The DDA will deal with, among other things, site assembly and delivery, the scope of development, the schedule for performance and the financing plan for construction of the New Marina and any necessary infrastructure. The agreed-upon form of the Lease will be attached to the DDA. The Phase I Premises will be delivered to TIE under the Lease when the conditions to delivery of the Phase I Premises pursuant to the DDA are satisfied, and the Phase II Premises will be delivered to TIE under an amendment to the Lease when the conditions to delivery of the Phase II Premises pursuant to the DDA are satisfied. Upon the Developer's satisfactory completion of construction of the New Marina, the DDA will terminate. Thereafter, the Lease will govern all of the rights and obligations of the parties with respect to the Premises. In either phase, before completion of

that phase (but after the close of the applicable escrow), both the DDA and the Lease will apply, but the DDA will control in the event of any inconsistency between the DDA and the Lease.

B. Conditions to Effectiveness of the Transaction documents. The Authority and TIE may enter into the Transaction Documents only upon (i) the completion of all appropriate environmental review of the City's draft Reuse Plan and the New Marina under CEQA, (ii) the final adoption of a redevelopment plan for the Base and a Sub-Area Specific plan for the development of the Project by the Authority and the Board of Supervisors, (iii) conveyance by the Navy of fee simple title or a mutually acceptable LIFOC in the Premises to the Authority, (iv) approval of the Transaction Documents by the Authority, the Board of Supervisors, and the Mayor, (v) any other required governmental approvals, and (vi) the Authority's reasonable approval of evidence of TIE's authorization to enter into the Transaction Documents and its ability to be bound by the obligations thereunder, including without limitation, opinions of counsel. The significant terms and conditions of the Transaction Documents are set forth below.

C. The Disposition and Development Agreement.

Term	The term of the DDA will be from the date of full execution of the DDA and, unless earlier terminated according to its terms, until the date the Authority records Certificates of Completion for both the Phase I Waterside Improvements and the Phase II Landside Improvements.
Holding Rent	TIE shall pay the Authority holding rent in the amount of \$100,000 immediately upon execution of the DDA.
The Premises	The DDA will contemplate the development and disposition of the entire Premises, but will set forth separate conditions for the disposition of the Phase I Premises and the Phase II Premises and TIE's related obligations to construct the Phase I Waterside Improvements and the Phase II Landside Improvements.
Disposition of Phase I Premises	Upon the effective date of the DDA, the Authority will open an escrow for the disposition of the Phase I Premises (the "First Escrow"). Upon the satisfaction of all conditions to the First Escrow set forth in the DDA, the Authority will lease the Phase I Premises to TIE under the Lease to construct and operate the Phase I Waterside Improvements (together with a non-exclusive license for TIE to use certain portions of the Phase II Premises).
Conditions to Authority's Obligation to Lease the Phase I Premises to TIE and TIE's obligations to construct the Phase I Waterside Improvements	The Authority will not be obligated to deliver the Phase I Premises under the Lease until all of the following conditions to the First Escrow have been satisfied: (1) the Authority has reviewed and approved, and TIE has deposited into escrow a Job Broker Agreement between the Treasure Island Homeless Development Initiative ("TIHDI") and TIE. (2) the Authority has reviewed and approved and TIE has deposited into escrow a management agreement between TIE and Almar for the entire

	<p>term of the Lease, (3) The Authority has approved construction documents for the Phase I Waterside Improvements, according to the document review and approval processes set forth in the DDA, (4) TIE has paid the Holding Rent and any DDA extension Fees that may be due and owing at the time of the closing of the First Escrow, (5) TIE has obtained a building or site permit for construction of the Phase I Waterside Improvements and any other required approvals from City regulatory bodies or commissions, including without limitation, the City's Planning Commission and Arts Commission, (6) TIE has obtained all other regulatory approvals needed to construct and operate the Phase I Waterside Improvements, including without limitation, any dredging and other permits needed from the Bay Conservation and Development Commission ("BCDC"), the California Department of Toxic Substance Control ("DTSC"), the Regional Water Quality Control Board, the Army Corps of Engineers, and the City, (7) TIE has provided evidence reasonably satisfactory to the Authority that TIE has obtained private financing commitments adequate to complete construction of the Phase I Waterside Improvements, (8) TIE has entered into a stipulated sum, guaranteed maximum price, or cost plus contract for construction of the Phase I Waterside Improvements, (9) TIE has in place all insurance required under the DDA and has deposited evidence thereof into escrow and, (10) TIE has deposited into escrow a duly executed and authorized guaranty duly signed by an authorized officer or representative of OA 3, LLC, guaranteeing TIE's full and complete performance of each of TIE's obligations under the Lease (the "Lease Guaranty"), a letter of credit or some other negotiable instrument satisfactory to TIDA subject to commercially reasonable limitations in light of the scope and amount of the insurance and other security provided.</p>
<p>Disposition of Phase II Premises</p>	<p>The DDA shall grant an option in favor of TIE and a put in favor of the Authority to amend the Lease to include the Phase II Premises upon the satisfaction of all conditions precedent to the Second Escrow stated below, and such amendment shall be executed and delivered upon the close of such Second Escrow.</p>
<p>Conditions to Authority's Obligation to Lease to TIE and TIE's Obligations to Lease from the Authority and Develop the Phase II Improvements on the Phase II Premises</p>	<p>Neither the Authority nor TIE will have any obligations under the DDA or the Lease as to the construction or operation of the Phase II Landside Improvements until the date the Master Developer completes construction of those portions of the Basic Base Improvements located within or directly affecting the Phase II Premises (the "Phase II Trigger Date"). Notwithstanding the foregoing or anything else contained herein, if the Phase II Trigger date does not occur within five years of the effective date of the DDA, TIE, may by giving written notice to the Authority,</p>

	<p>elect to construct, install, and complete those portions of the Basic Base Improvements located within or directly affecting the Phase II Premises and thereafter to develop the Phase II Improvements on the Phase II Premises. If the Authority has not received any written notice from TIE electing to construct, install, and complete such Basic Base Improvements within 90 days after the end of five years from the effective date of the DDA, either Party, in its sole and absolute discretion, may terminate the DDA and all rights and obligations of the Parties as to the Phase II Premises (but without affecting the rights and obligations of the parties under the Lease with regard to the Phase I Premises) shall expire.</p> <p>Upon the Phase II Trigger Date, the Authority will open an escrow for disposition of the Phase II Premises (the "Second Escrow"). The Authority will have no obligation to deliver the Phase II Premises pursuant to an amendment to the Lease until all of the following conditions to the close of the Second Escrow have been satisfied: (1) the Authority has reviewed and approved, and TIE has deposited into escrow an amendment to the Job Broker Agreement between the TIHDI and TIE reflecting additional employment opportunities under the Phase II Landside Improvements, (2) the Authority has reviewed and approved and TIE has deposited into escrow a management agreement between TIE and a manager for the restaurant, or sublessee (3) TIE has deposited the full amount of the Infrastructure Advance into the Second Escrow (if applicable), (4) TIE has Completed the Phase I Waterside Improvements as required under the DDA, and TIE is not in default under the DDA or the Lease; (5) The Authority has approved construction documents for the Phase II Landside Improvements, according to processes set forth in the DDA, (6) TIE has obtained a building or site permit for construction and operation of the Phase II Landside Improvements; and any other required approvals from City regulatory bodies or commissions, including without limitation, the City's Planning Commission and Arts Commission, (7) TIE has obtained all other regulatory approvals needed to construct and operate the Phase II Landside Improvements, including without limitation, any permits needed from the BCDC, the DTSC, the Regional Water Quality Control Board, the Army Corps of Engineers, and the City, (8) TIE has provided evidence reasonably satisfactory to the Authority that TIE has obtained private financing commitments adequate to complete construction of the Phase II Landside Improvements, (9) TIE has entered into a stipulated sum, guaranteed maximum price, or cost plus contract for construction of the Phase II Landside Improvements.</p>
Condition of Premises	TIE will accept the Premises in its "AS IS, WITH ALL FAULTS"

	condition as of the date of delivery of possession, without representation or warranty of any kind as to the suitability of the Premises for construction or subsequent use by TIE. The Authority shall have no responsibility for any condition of either the Phase I Premises or the Phase II Premises, including without limitation, the presence of any hazardous materials or hazardous wastes, existing as of the date of the Initial Closing, and TIE shall waive any potential claims against the Authority arising from the condition of the Premises.
Navy's Section 330 Indemnity Obligation	The Parties hereby acknowledge and agree that, pursuant to Section 330 of Public Law 102-484, as amended, Navy is required to hold harmless, defend and indemnify the Authority and TIE 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.
Approval of Construction Plans	TIE shall prepare and submit to the Authority for approval preliminary and final construction plans for the construction of the New Marina based upon the Final Development Concept. The Authority shall review such construction plans for consistency with the Final Development Concept and other project requirements set forth in the DDA.
Development of Premises	TIE shall, at no cost to the Authority, take all actions necessary to prepare the Premises and construct each phase of the New Marina on the Premises within the times set forth in the Schedule of Performance and in the manner set forth in the DDA. The costs of due diligence and constructing each phase of the New Marina shall be borne solely by TIE. TIE shall construct the New Marina in full compliance with all federal, state or local laws or regulations applicable to the Premises, including Prevailing Wages as set forth below.
Schedule of performance	Subject to delays beyond its reasonable control, TIE will Complete construction of the New Marina in accordance with the Schedule of Performance as follows: (A) TIE shall cause the First Escrow to close within 12 months of the execution of the DDA and shall Complete construction of the Phase I Waterside Improvements within 18 months of the close of the First Escrow, with the date that is 30 months after execution of the DDA being the "Phase I Target Date"; and (B) TIE shall cause the Second Escrow to close within 12 months of the Phase II Trigger Date and shall Complete construction of the Phase II Landside Improvements within 12 months of the close of the Second

	<p>Escrow, with the date that is 24 months after the Phase II Trigger Date being the "Phase II Target Date". Provided that TIE is not then in default of any of its obligations under the Transaction Documents, TIE shall have the right to automatically extend either the Phase I Target Date or the Phase II Target Date by up to a maximum of six months each by paying to the Authority a DDA Extension Fee equal to \$10,000 per month up to the maximum number of months that each Target Date is extended. If TIE fails to Complete construction of either phase within six months of the applicable Target Date (in either case, the "Upset Date") for any reason other than an event of force majeure or a default by the Authority, TIE shall be in default under the DDA and in addition to any of the Authority's other rights or remedies under law, the DDA shall automatically terminate and TIE shall pay the Authority a DDA Termination Fee of \$100,000.</p>
<p>Definition of Completion</p>	<p>For purposes of the DDA, "Completed" means the completion by TIE of construction of all aspects of the New Marina (or as to either phase, as to such phase) in accordance with the approved construction documents, applicable regulatory approvals and any other requirements of the DDA. Completion of Construction of the New Marina will be evidenced by the Authority's issuance of a Certificate of Completion.</p>
<p>Regulatory Approvals</p>	<p>TIE will be responsible for obtaining, at its cost, all land use entitlements, including permits and approvals required in connection with the construction of each phase of the New Marina from any local, state or federal regulatory agency having jurisdiction over the Premises. TIE will consult with and coordinate with the Authority prior to TIE's efforts to obtain such permits from other agencies, and TIE shall pay the costs of any mitigation measures required as a result of environmental review of any portion of the Project. The Authority will cooperate reasonably with TIE to approve in advance any conditions that TIE proposes to agree to voluntarily in connection with TIE's efforts to obtain a permit from another regulatory body, which approval shall not be unreasonably withheld, delayed or conditioned.</p>
<p>Cooperation of Authority Re Dredging</p>	<p>The Authority will reasonably cooperate with TIE in submitting applications for loans, grants and permit applications to other local, state and/or Federal agencies for purposes of obtaining a dredging permit, provided that all costs of applying for and paying accrued interest and principal on any loans issued for the dredging project will be borne solely by TIE.</p>
<p>Insurance and Bond Requirement Indemnification</p>	<p>During the term of the DDA, TIE will maintain builders' risk insurance (including, to the extent available at commercially reasonable rates, earthquake and flood insurance) from carriers of recognized responsibility. Except with respect to earthquake</p>

	<p>insurance, such insurance shall be in the amount of 100% of the completed value of the construction. With respect to earthquake insurance, TIE and the Authority shall mutually agree as to the percentage of the completed value of the construction.</p> <p>TIE's construction contractor shall furnish to the Authority a performance bond issued by a responsible surety company licensed to do business in California and satisfactory to the Authority in the Authority's reasonable discretion. Such bond shall guarantee installation of the New Marina in an amount not less than the value of the improvements.</p> <p>TIE shall indemnify the Authority from all losses arising from TIE's use or operation of the Premises under the DDA, except to the extent such losses were caused by the willful misconduct or gross negligence of the Authority.</p>
<p>Guaranty</p>	<p>TIE shall provide the Authority with an executed original of a performance guarantee duly signed by an authorized officer or representative of OA 3, LLC, guaranteeing TIE's full and complete performance of each of TIE's obligations under the DDA, including its obligations to complete construction of the Improvements and to pay the Holding Rent and any DDA Extension Fees and/or DDA Termination Fees (the "DDA Guaranty"). Upon the Completion of construction of the New Marina, the DDA Guaranty, letter of credit or other negotiable instrument accepted by TIDA (but not the Lease Guaranty) shall terminate</p>
<p>Termination</p>	<p>Either party may terminate the DDA in the event of an uncured event of default by the other party, subject to the rights and remedies set forth below. In addition, if either phase of the New Marina is not Completed by the applicable Upset Date set forth in the Schedule of Performance, the DDA shall automatically terminate.</p>
<p>Remedies</p>	<p>In addition to the Termination Fee for failure to Complete construction of the New Marina by the Upset Dates, upon the occurrence of an event of default under the DDA by TIE, the Authority may terminate the DDA, institute an action for specific performance, assert its rights under the DDA Guaranty and/or assert any rights and remedies that it may have under law, provided that TIE shall not under any circumstances be liable for consequential damages.</p> <p>Upon the occurrence of an event of default under the DDA by the Authority, TIE may terminate the DDA and/or institute an action for specific performance. In addition, if, and only if, the Authority willfully defaults in its obligation to deliver a</p>

	Certificate of Completion, the Authority will be liable for TIE's actual out of pocket damages arising out of such willful default, provided that the Authority shall not under any circumstances be liable for consequential damages.
Closing Costs	TIE shall pay any and all closing costs associated with the closing of the Lease under the DDA, including, without limitation, transfer taxes, escrow and title fees.

B. The Lease.

The Premises	The Lease will cover the Premises together with all easements reasonably required by TIE for unrestricted water access into and out of Clipper Cove and for reasonable landside access to the Premises. Upon the close of the First Escrow the Lease will cover the Phase I Premises only, with limited rights of access over the Phase II Premises. Upon the close of the Second Escrow, the Lease will be amended to cover the entire Premises.
Condition of Premises	TIE will accept the Premises in its "AS IS, WITH ALL FAULTS" condition as of the date of delivery of possession, without representation or warranty of any kind as to the suitability of the Premises for construction or subsequent use by TIE. The Authority shall have no responsibility for any condition of either the Phase I Premises or the Phase II Premises, including without limitation, the presence of any hazardous materials or hazardous wastes, existing as of the date of the Initial Closing, and TIE shall waive any potential claims against the Authority arising from the condition of the Premises.
Navy's Section 330 Indemnity Obligation	The Parties hereby acknowledge and agree that, pursuant to Section 330 of Public Law 102-484, as amended, Navy is required to hold harmless, defend and indemnify the Authority and TIE 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.
Term	The term of the Lease shall be 25 years from the date of the close of the First Escrow. TIE shall have options to extend the Term of the Lease for up to an additional forty (40) years.
Uses	TIE may use the Premises solely as a marina open to the general public and related uses, including without limitation, boat slip

	<p>rentals, boat storage, boat and other light water craft launching, boat fuel sales, minor repairs of boats, full service restaurant, entertainment, alcoholic beverage service, catering services, convenient store, boat and marina equipment sales and services, related retail sales, public gathering (including a yacht club), office and administrative uses, parking, restrooms and public convenience facilities, temporary special event activities, displays and conferences, all as set forth in the PDC and the Final Development Concept, and any other commercial activity reasonably related to the use of the Premises as a commercial marina approved by the Authority in the Lease (the "Approved Uses"). TIE shall be entitled to charge market rates for slip fees, berth fees, dry stack storage fees and other moorage fees and services and goods sold from the Premises that are comparable to the market rates charged by other area marina operators operating at the mutually agreed Approved Operating Standard .</p>
<p>Preference for Persons already on the Marina waiting list and for Treasure Island/Yerba Buena Island Residents</p>	<p>TIE shall first grant a preference to those persons already on the Marina waiting list as of September, 1998, and then to residents of the Base rights of first refusal in the rental of boat slips at the rates TIE charges other boat slip renters as permitted under the Lease. The rights of first refusal will be more particularly set forth in the Lease.</p>
<p>Rent</p>	<p>Upon close of the First Escrow (and for the period therefrom until the Completion of the Phase I Waterside Improvements), TIE shall pay the Authority Minimum Rent in the amount of \$100,000.</p> <p>Upon Completion of the Phase I Waterside Improvements, TIE shall pay the Authority as Rent (i) Minimum Rent in the amount of \$100,000 per year, as adjusted upwards on the 3rd, 4th, and 5th lease years, and every five years thereafter, by increases in the CPI, or (ii) Percentage Rent, as defined below.</p> <p>Percentage Rent shall mean the percentages of Gross Revenues set forth in <u>Exhibit D</u> attached hereto. Gross Revenues shall mean for each TIE Fiscal Year, or portion thereof, any and all gross rentals, payments, receipts, fees, proceeds, and revenues of any kind actually or constructively received by TIE in connection with the ownership, use or operation of the Premises, including without limitation, gross amounts received from or in respect of any subleases, sales, advertising, licensing, programming, concessions or other agreements affecting the Premises such as revenues from fixed rentals, minimum or base rentals, percentage or participation rentals, payments for common area maintenance expenses, or any sublease amendment or termination fees, exclusive of passthroughs, sale of personal property, and/or regulated utility .</p>

	charges.
Rent Credits	TIE shall receive a rent credit for the following: (i) the sum of the RFP Deposit, the Transaction Cost Deposit, and any Extension Option Deposit pursuant to the ENA and (ii) the Public Improvements Costs. If the amount of Rent Credits exceeds the amount of Rent due each year, the balance of Rent Credits shall be carried over and deducted from each following year until all Rent Credits have been fully accounted for.
Payment of Rent	Minimum Rent, less any applicable rent credits, shall be paid in advance on the first day of each month. Percentage Rent shall be paid annually in arrears, but only to the extent Percentage Rent exceeds Minimum Rent.
Books and Accounts	TIE shall maintain complete and accurate accounting records for all revenues and operating costs for four (4) years after the TIE Fiscal Year to which such records relate. TIE shall also maintain complete and accurate accounting records of all construction costs for the New Marina for a period of four (4) years after the end of the issuance of a Certificate of Completion. Promptly (but in no event exceeding thirty (30) days) following a written request from the Authority, TIE shall make such accounting records (or copies thereof) available for inspection (but not copying, except to the extent such information is public information) and audit by the Authority, during customary business hours at a location reasonably satisfactory to the Authority.
Authority's Participation in Net Revenues of Future Sales & Refinancings	<p>The Authority will participate in the proceeds from any refinancings, sales or sublease of the New Marina to the extent that TIE has achieved or will have achieved through such refinancings, sales or sublease a 10% Preferred Return on its Capital Costs:</p> <p>As used herein below, the following terms shall have the meanings set forth below:</p> <ul style="list-style-type: none"> (i) "Capital Costs" shall mean the original actual hard costs of constructing the New Marina plus any subsequent approved capital improvements; (ii) "Net Operating Income" or "NOI" shall mean all gross revenues (including any expense reimbursements received from grants), broadly defined, received by or on account of the Developer from the Project, less (a) reasonable operating expenses, and (b) uncollectable rent and refunds for overpayment of rent; and (iii) "10% Preferred Return" shall mean for any applicable sale, refinancing, or subleasing, the

balance of Capital Costs and approved capital improvements plus a 10% rate of return per annum thereon and any approved capital contributions for accrued Net Operating Losses (to be defined in the Lease) less any NOI for any year prior to sale, refinancing, or subleasing which has not been previously deducted from the Capital Costs. The 10% Preferred Return shall be cumulative and accrued, less distributions made to TIE members, and calculated and reported to the Authority annually regardless of whether there has been any sale, sublease or refinancing.

a. Authority participation in refinancings shall be 50% of the net proceeds from a refinancing as a result of increases in the principal amount borrowed (i.e., all proceeds from the refinancing less (i) in the case of the first refinancing, the 10% Preferred Return and in the case of any subsequent refinancing the greater of the gross proceeds from the prior refinancing or the 10% Preferred Return, (ii) reasonable closing fees and (iii) reasonable prepayment penalties, if any).

b. The Authority's participation in sales shall be 50% of the net proceeds from the sale (i.e., all proceeds from the sale less (i) in the case of the first sale, the 10% Preferred Return and in the case of any subsequent sale the greater of the gross proceeds from the prior sale or the 10% Preferred Return, (ii) reasonable closing fees and brokerage fees, and (iii) reasonable prepayment penalties, if any).

c. The Authority's participation in any sublease or assignment of all or substantially all of the Premises shall be 50% of any rent or other consideration realized by TIE under any such assignment or sublease in excess of the Rent payable hereunder (or the amount thereof proportionate to the portion of the Premises subject to such assignment or sublease), after TIE has recovered its 10% Preferred Return and any verifiable, customary and reasonable brokers' commissions and the verifiable, customary and reasonable cost of any leasehold improvements that TIE has actually incurred in connection with such assignment or sublease.

Notwithstanding the foregoing, the total amount of the Authority's participation in the proceeds from any refinancings, sales or sublease of the New Marina as set forth in sections (a)-(c) above shall be limited to the total amount of rent credits received by TIE for the Public Improvements, plus interest thereon at the

	rate of 7% per annum.
Management	Pursuant a Management Agreement with Almar approved by the Authority, TIE shall cause the Premises to be continuously operated as an approximately 400 slip marina, restaurant, and related improvements to standards comparable to the standards maintained and operated by other local marinas charging comparable slip rates, and shall use commercially reasonable efforts to maintain (or cause to be maintained) a level of economic activity in the New Marina consistent with the Approved Operating Standard.
Compliance with Laws	<p>Throughout the Term, TIE shall use and operate the Premises and shall require all subtenants and licensees to use and operate the Premises in compliance with all applicable federal, state and local laws, rules, regulations, and ordinances. TIE shall, at no cost to the Authority, comply promptly with all present and future laws and governmental regulations applicable to the Premises (including, but not limited to, disabled access laws and hazardous materials laws), and under no circumstances will the Authority be obligated to make repairs or replacements of any kind. TIE shall be responsible for any hazardous materials remediation required by any regulatory agency with jurisdiction over the Premises in connection with TIE's use or occupancy of the Premises.</p> <p>Nothing herein is intended to (i) reduce or alter the Navy's Section 330 Indemnity Obligation as set forth above or (ii) impose any portion of such obligation of the Navy upon TIE.</p>
Title to Improvements	TIE shall own the New Marina and related improvements during the Term. At the end of the Term, title to the New Marina and related improvements shall automatically vest in the Authority, subject to the surrender provisions described below.
Maintenance, Operations and Repair	The Lease shall be a 'triple-net lease" TIE shall, at no cost to the Authority, assume full and sole responsibility for the condition, maintenance, repair and operation of the Premises and the New Marina to be constructed on the Premises. TIE will throughout the Term and at its sole cost take all actions needed to maintain and operate the New Marina in accordance with the Approved Operating Standard.
Possessory Interest and Other Taxes	TIE acknowledges and agrees that a possessory interest subject to taxation will be created by the Lease and TIE will pay all possessory interest taxes and other taxes, assessments and impositions payable or arising during the Term, to the extent provided by law.
Assignment and Subletting	TIE shall not, except in accordance with a Permitted Encumbrance (as defined below), transfer, assign or sublease any of its interest in the Lease (other than affiliate transfers that do not

	<p>result in a change in control of TIE), including causing any significant change in the ownership, control, management, financial capability or qualifications of TIE (such as the removal of OA3, LLC of at least 51% ownership interest in TIE), without the prior consent of the Authority, which consent may not be unreasonably withheld. Among other things, it shall be 'reasonable' for the Authority to withhold such consent if any proposed transferee does not have substantially the same level of qualifications or experience as evidenced by TIE in TIE's Proposal, or fails to achieve certain financial capability or other relevant thresholds.</p> <p>Except with respect to a Permitted Encumbrance, TIE shall not permit an assignment or other transfer under any circumstances unless the assignee expressly assumes, in writing for the benefit of the Authority, all of TIE's obligations under the Lease. The foregoing notwithstanding, TIE may not assign any of its interest in the Lease or the DDA prior to the Completion of the New Marina without the prior written consent of the Authority, which the Authority may withhold in its sole and absolute discretion.</p> <p>Generally, major subleases shall require the Authority's prior consent, which shall not be unreasonably withheld or delayed. Subject to the conditions and limitations provided below, TIE may sublet or license less than 5% of the space in the Phase I Waterside Improvements and up to 15% of the space in Buildings A and B to users of facilities constructed within the Premises, upon prior written notice to the Authority, but without the Authority's consent, provided that (1) the uses are consistent with the Lease, (2) the sublease or license is expressly subject to the terms of the Lease, (3) the term of the sublease or license including any extension options does not extend beyond the Term of the Lease, (4) the subtenant or licensee agrees to indemnify the Authority against losses arising out of such subtenant's or licensee's use of the Premises, (5) TIE is not in default and no event of default has occurred which with the giving of notice or the passage of time or both would constitute a default, and (6) TIE remains liable under the Lease. Subject to reasonable mortgagee protection provisions, TIE shall have no right of assignment or sublease if it is in default under the Lease or the DDA, or if any event which, with the passage of time or the giving of notice, or both, would constitute such a default.</p>
<p>Insurance and Damage and Destruction</p>	<p>TIE will maintain throughout the Term comprehensive general liability, workers' compensation, property insurance (including, to the extent available at commercially reasonable rates, earthquake</p>

	<p>and flood insurance), automobile liability, personal property, business interruption, host liquor law and food products liability insurance and any other insurance required by law from carriers of recognized responsibility in amounts and with coverages as may be reasonably required by the Authority's Risk Manager. Except with respect to earthquake insurance, such insurance shall be in the amount of 100% of the replacement value of the construction. With respect to earthquake insurance, TIE and the Authority shall mutually agree as to the percentage of the completed value of the construction. The Authority must be named as an additional insured on any coverage permitting the Authority to be named as an additional insured. If the Authority cannot be named as an additional insured then such insurance shall specifically insure against TIE's indemnity obligations to City under the Lease. In the event of any Major Damage to or destruction of any portion of the Project other than the marina improvements which exist as of the date of this Term Sheet during the Term, TIE will repair the damage and rebuild to their prior condition to the extent of available proceeds (provided TIE will be responsible for paying the deductible) and subject to reasonable mortgagee protection provisions. For purposes of this section, the term Major Damage shall mean 50% of the completed value of the construction. If there are insufficient proceeds to rebuild or if the casualty is uninsured, then TIE will demolish the New Marina and related improvements, or such portion thereof as the Authority may require, remove all rubble and debris and return the Premises to the Authority in a reasonably clean condition, and (subject to reasonable mortgagee protection provisions) assign its rights to any remaining insurance proceeds to the Authority. In the last 5 years of the Term, whether or not there are sufficient insurance proceeds to rebuild the improvements, TIE or its permitted assignees hereunder may terminate the Lease and will not be required to rebuild so long as TIE or its permitted assignees demolishes the New Marina and related improvements, or such portion thereof as the Authority may require, removes all rubble and debris and returns the Premises to the Authority in a reasonably clean condition, and (subject to reasonable mortgagee protection provisions) assigns its rights to any remaining insurance proceeds to the Authority.</p>
<p>Nondisturbance and Attornment</p>	<p>In the event of a termination of the Lease, the Authority will agree not to disturb the occupancies of subtenants so long as the sublease conforms to the requirements of assignment and subletting set forth above. TIE shall require all subtenants to attorn to the Authority in the event of any termination of the Lease. Any nondisturbance and attornment agreements will be on commercially reasonable terms.</p>

<p>Mortgage of Leasehold</p>	<p>TIE shall be permitted to encumber the Lease to the extent reasonably necessary to obtain acquisition, construction and permanent financing of the Project from financially responsible lender or lenders subject to the conditions set forth below and provided the mortgage complies with the conditions of the Lease and the transferee assumes in writing all of the future obligations of TIE under the Lease and provided further that TIE's residual equity interest will not be less than 30% of either the total Project value or the total Capital Costs, whichever is greater (a "Permitted Encumbrance"). The Lease shall contain commercially reasonable "mortgagee protection" provisions as necessary to permit TIE to obtain such financing and the Lease will not restrict assignment in connection with a Permitted Encumbrance to a lender by operation of a foreclosure of a mortgage or by deed in lieu of foreclosure or to a purchaser under a foreclosure sale. Notwithstanding the foreclosure of any such Permitted Encumbrance, TIE will remain liable to the Authority for the payment of all sums due from TIE under the Lease prior to such foreclosure and not otherwise recovered by the Authority. TIE shall provide the Authority with notice of any such Permitted Encumbrance. In no event will the Authority's fee interest in the Premises or interest in the Lease (including, without limitation, right to receive rent) be encumbered or subordinated. TIE may not use the leasehold as security for any financing or refinancing unassociated with the construction or operation of the Project.</p>
<p>Utilities and Services</p>	<p>TIE shall, at no cost to the Authority, procure and pay for all utility, sewer, mechanical or other services needed or useful for its operations on the Project. TIE will consider in good faith purchasing electricity and gas from the City's utility, Hetch-Hetchy Water and Power, but shall not be obligated to do so.</p>
<p>Cross Defaults</p>	<p>Upon completion of the Phase I Waterside Improvements, a default under the DDA as to the Phase II Landside Improvements shall not result in termination of the Lease insofar as it relates to the Phase I waterside Improvements, but a default under the Lease of the Phase I Waterside Improvements shall, among other things, result in a termination of all of TIE's rights to the Phase II Landside Improvements under the DDA or Lease</p>
<p>Remedies</p>	<p>Upon the occurrence of an event of default under the Lease by TIE, the Authority may keep the Lease in effect and sue for damages, terminate the Lease, institute an action for specific performance, assert its rights under the Lease Guaranty or Security Deposit and/or assert any rights and remedies that it may have under law, provided that TIE shall not under any circumstances be liable for consequential damages.</p> <p>Upon the occurrence of an event of default under the Lease by the</p>

	Authority, TIE may (i) offset against Rent otherwise due and owing the amount of TIE's actual out of pocket damages arising out of such willful default, but only after TIE has obtained a final judgment in a court of competent jurisdiction therefor, or (ii) seek equitable relief, provided that the Authority shall not under any circumstances be liable for consequential damages.
Surrender of Premises	Upon the expiration or earlier termination of the Lease, TIE will return to the Authority the Premises, including without limitation, the New Marina and all related improvements (but not any personal property), in a good, clean and operable condition subject to normal wear and tear, free of any liens or encumbrances except for any permitted title exceptions.
Indemnity	TIE shall indemnify the Authority from all Losses arising from its use and operation of the Premises, except to the extent such losses were caused by the gross negligence or willful misconduct of the Authority
Security Deposit	Two times the Base Rent in cash. The amount of the Security Deposit shall be adjusted by CPI increases on the 3 rd , 4 th , and 5 th years of the Term and every 5 years thereafter. In lieu of cash, TIE may submit to the Authority for its approval, a letter of credit or other similar financial assurance reasonably acceptable to the Authority.
TIHDI Job Broker Program	TIE shall develop a workforce hiring plan consistent with the purposes and intent of the agreement between the City and the Treasure Island Homeless Development Initiative, subject to approval by the TIDA.
Access, Cooperation and Coordination of Construction with Master Developer	<p>TIE shall provide reasonable access in, on, under and across the Premises to the Authority, the Master Developer, and their respective officers, employees, agents, contractors, and subcontractors for the purpose of designing, constructing, maintaining, repairing, replacing, and operating storm drain and sewer improvements, seismic retrofitting, and other public improvements that may be required in a disposition and development agreement to be entered into between the Authority and the Master Developer. TIE shall reasonably cooperate and coordinate TIE's construction and other activities with the construction and other activities of the Authority, the Master Developer, and their respective officers, employees, agents, contractors, and subcontractors for the purposes stated above.</p> <p>The Lease shall reserve an easement for the benefit of all other land on Treasure Island for the construction, maintenance, repair, replacement, and operation of a public perimeter pathway around Treasure Island, a portion of which would go through portions of the Phase II Premises and certain other specified public improvements.</p>

	TIDA shall be required that the Master Developer cooperate with TIE and its respective officers, etc. in all aspects of the operations of the Marina.
San Francisco Sailing Center	TIE shall negotiate in good faith to enter into an agreement with the San Francisco Sailing Center to incorporate the programs, activities, and leasehold premises of the San Francisco Sailing Center into the New Marina.
Community Awareness Program	TIE shall develop and implement a community awareness program, subject to reasonable review and approval by TIDA, which focuses on (i) the Life Learning Academy; (ii) the Treasure Island Homeless Development Initiative; (iii) public schools on Treasure Island; and (iv) needs of local area youth groups, the disabled, and other persons who normally do not have access to a marina experience. The Authority hereby acknowledges that the programs and services provided by the San Francisco Sailing Center will satisfy this requirement if the Sailing Center is incorporated into this Project.

C. Special Provisions to DDA and Lease.

The Authority and TIE agree that TIE will comply with all of the following special provisions to the extent such provisions are then in effect and applicable to the Project as a matter of law.

Nondiscrimination	There will be no discrimination against any person or group of persons on account of race, color, creed, sexual orientation, gender, gender identity, disability, marital status, religion, age, national origin or ancestry by TIE or any subtenant in the construction, sublease, use, occupancy, tenure or enjoyment of the Premises. There will be no discrimination in provisions of bereavement leave, family medical leave, health benefits, and any other benefits between employees with domestic partners and employees with spouses, and/or between domestic partners and spouses of such employees.
Equal Opportunity Requirements	TIE will agree to a set of participation goals and good faith efforts designed to ensure that MBEs, WBEs and LBE's have an equal opportunity to compete for and participate in contracts for construction as well as participation goals and good faith efforts for operation of the Project and related improvements. Such goals and efforts shall equal or exceed the City's standard policies.
Conflict of Interest	TIE will state that it is familiar with the provisions of Section C8.105 of the San Francisco Charter and certify that it

	<p>knows of no facts which would constitute a violation of such provisions. TIE will certify that it has made a complete disclosure to the Authority of all facts bearing on any possible interests, direct or indirect, which TIE believes any officer or employee of the Authority presently has or will have in the Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by TIE to make such disclosure, if any, shall constitute grounds for the Authority's termination and cancellation of the Lease.</p>
Card Check	<p>To the extent applicable, TIE will be required to comply with the City's Employee Signature Authorization Ordinance which requires, among other things, that TIE and any operators and certain subcontractors or subtenants of the Project enter into a labor representation card check agreement with employees of the Project.</p>
MacBride Ordinance	<p>The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, <u>et seq.</u> The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles.</p>
Tropical Hardwoods/ Virgin Redwoods	<p>The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, Tropical hardwood wood product, virgin redwood or virgin redwood wood product.</p>
Tobacco Product Advertising Prohibition	<p>TIE will not advertise cigarettes or tobacco products on 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.</p>
Pesticide Ordinance	<p>TIE shall comply with the provisions of Section 39.9 of Chapter 39 of the San Francisco Administrative Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City or Authority property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require TIE to submit to the City's Department of the Environment an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that TIE may need to apply to the Premises during the terms of the DDA or Lease, (b) describes the steps TIE will take to meet the City's IPM Policy described in section 39.1 of the Pesticide Ordinance and</p>

	(c) identifies, by name, title, address and telephone number, an individual to act as TIE's primary IPM contact person with the City.
Resource-Efficient Building Ordinance	To the extent required by City Ordinance No. 148-99 and Ordinance No. 149-99 finally adopted by the City's Board of Supervisors on May 24, 1999 relating to resource-efficient buildings, TIE will comply with the requirements of such ordinances.
Living Wage Ordinance	TIE shall comply with the requirements of the City's Living Wage Ordinance, Ordinance No. 216-00 adding Chapter 12P to the City Administrative Code.
Health Care Accountability Ordinance	TIE shall comply with the requirements of the City's Health Care Accountability Ordinance, Ordinance No. 116-01 adding Chapter 12Q to the City's Administrative Code.
Prevailing Wages During Construction	The Parties acknowledge that the development of the Project is a private work of improvement. In consideration of the Authority's providing rent credits for the Infrastructure Advance pursuant to the terms of the Lease, TIE agrees to pay or cause to be paid prevailing rates of wages for all construction work performed in connection with the New Marina, as set forth in a Prevailing Wage Agreement to be attached to the DDA as an exhibit.

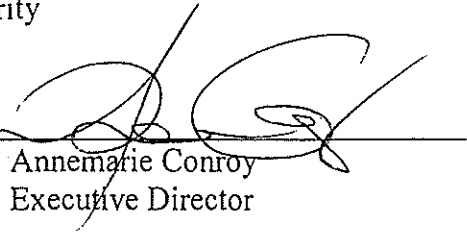
While this term sheet summarizes certain essential terms of the proposed transaction, it does not set forth all of the material terms and conditions of the Transaction Documents. The signature of the Executive Director of the Authority below acknowledges her support for the proposed Project on the terms specified herein. However, this term sheet is not intended to be, and shall not become, contractually binding on the Authority or TIE, and no legal obligation shall exist pursuant to this term sheet unless and until the parties have negotiated, executed and delivered mutually acceptable Transaction Documents based upon information produced from the environmental review (CEQA) process and on other public review and hearing processes and subject to all applicable governmental approvals. The Authority retains the absolute discretion before obtaining approval of the Project by the Board of Directors of the Authority, the Board of Supervisors of the City, the Planning Commission, or any other board or commission having jurisdiction over the Project, to (i) make such modifications to the proposed terms hereof and to the proposed Project that are deemed necessary to mitigate significant environmental impacts; (ii) select other feasible alternatives to avoid such impacts; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided; or (iv) determine not to proceed with the Project. If as a result of the environmental review or other public approval process there are any proposed material modifications to the Transaction Documents or the terms specified herein that are not acceptable to the parties in their respective sole discretion, then there shall not be deemed to be any understanding of the parties to proceed with the Project under the principles outlined in this term sheet.

Read and approved by:

THE AUTHORITY:

Treasure Island Development
Authority

By:

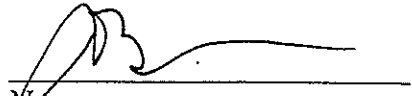


Annemarie Conroy
Executive Director

TIE:

Treasure Island Enterprises

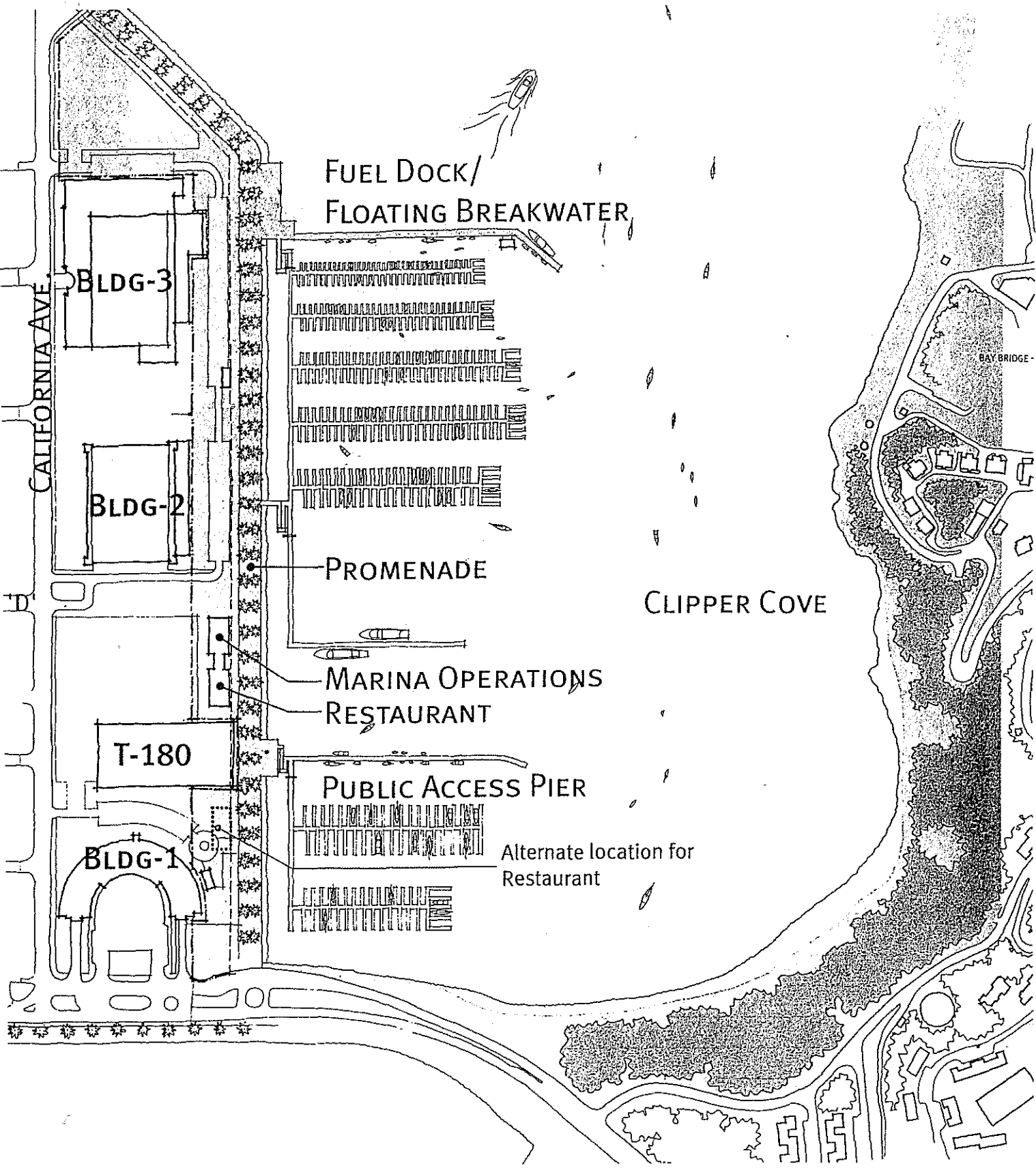
By:



Name:
Title:

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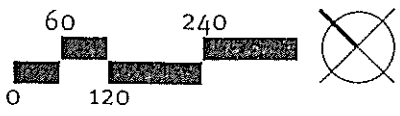
Exhibit A - Preliminary Development Concept (PDC)



Treasure Island Enterprise

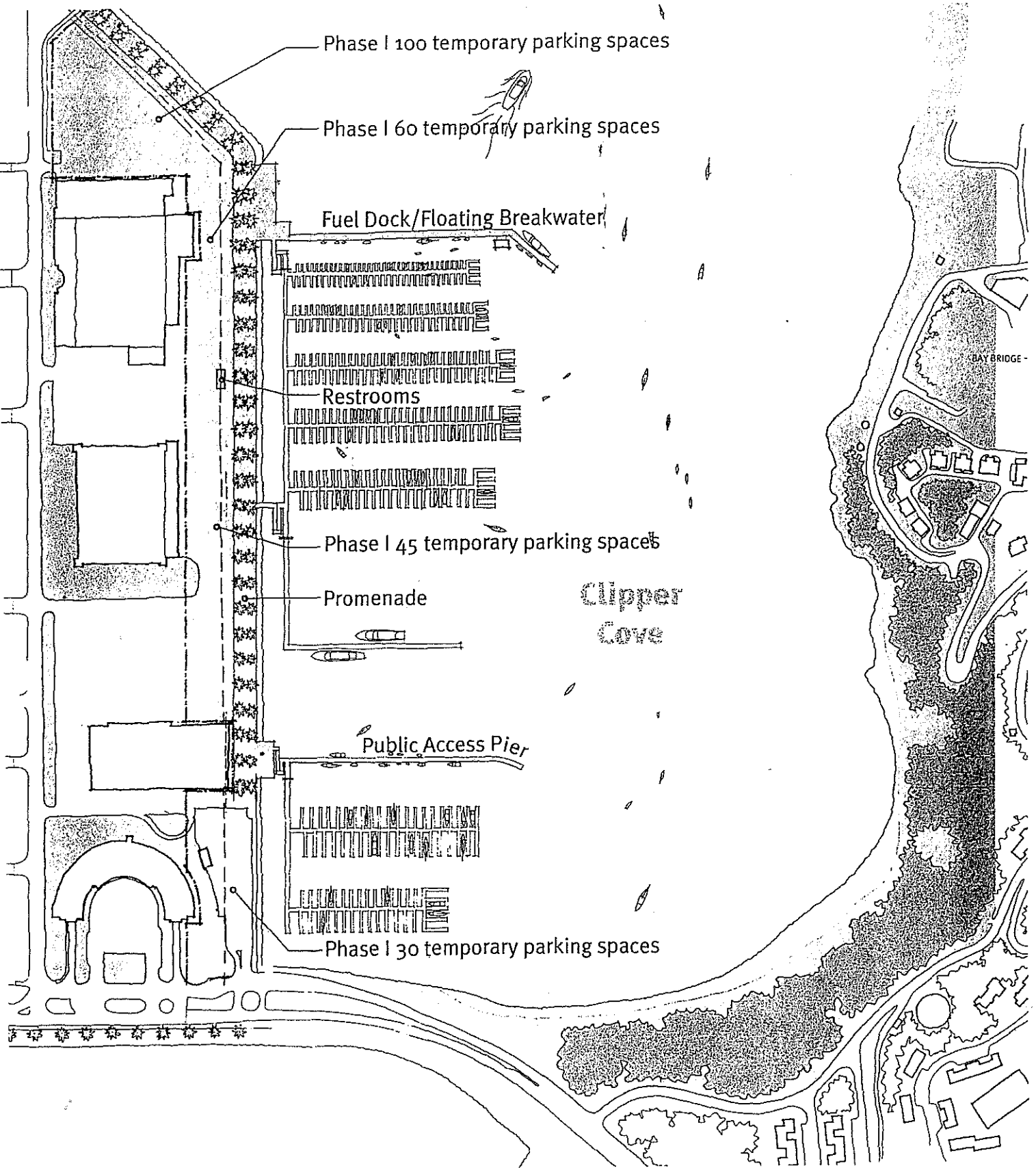
November 8, 2001
 KWAN HENMI Architecture/Planning, Inc.

Treasure Island Marina P.D.C.
 Exhibit A



DRAFT: 11/08/01

Exhibits B-1 and B-2.- Phase I and Phase II Premises



Phase I 100 temporary parking spaces

Phase I 60 temporary parking spaces

Fuel Dock/Floating Breakwater

Restrooms

Phase I 45 temporary parking spaces

Promenade

Clipper Cove

Public Access Pier

Phase I 30 temporary parking spaces

BAY BRIDGE

Treasure Island Enterprise

November 8, 2001

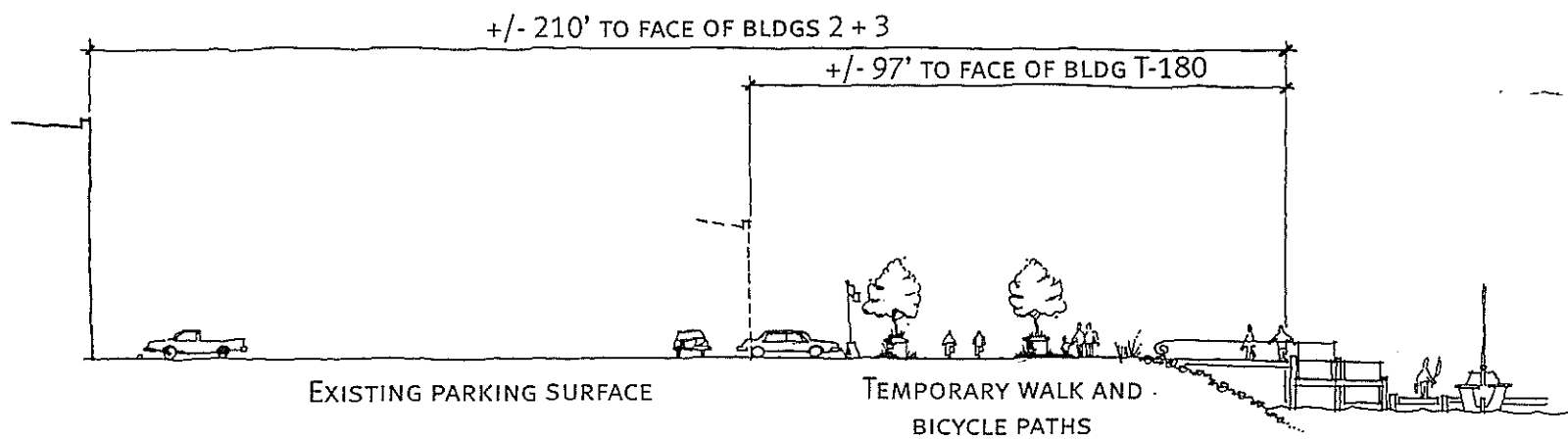
KWAN HENMI Architecture/Planning, Inc.

reasure Island Marina P.D.C.

Exhibit B-1

Phase I Premises



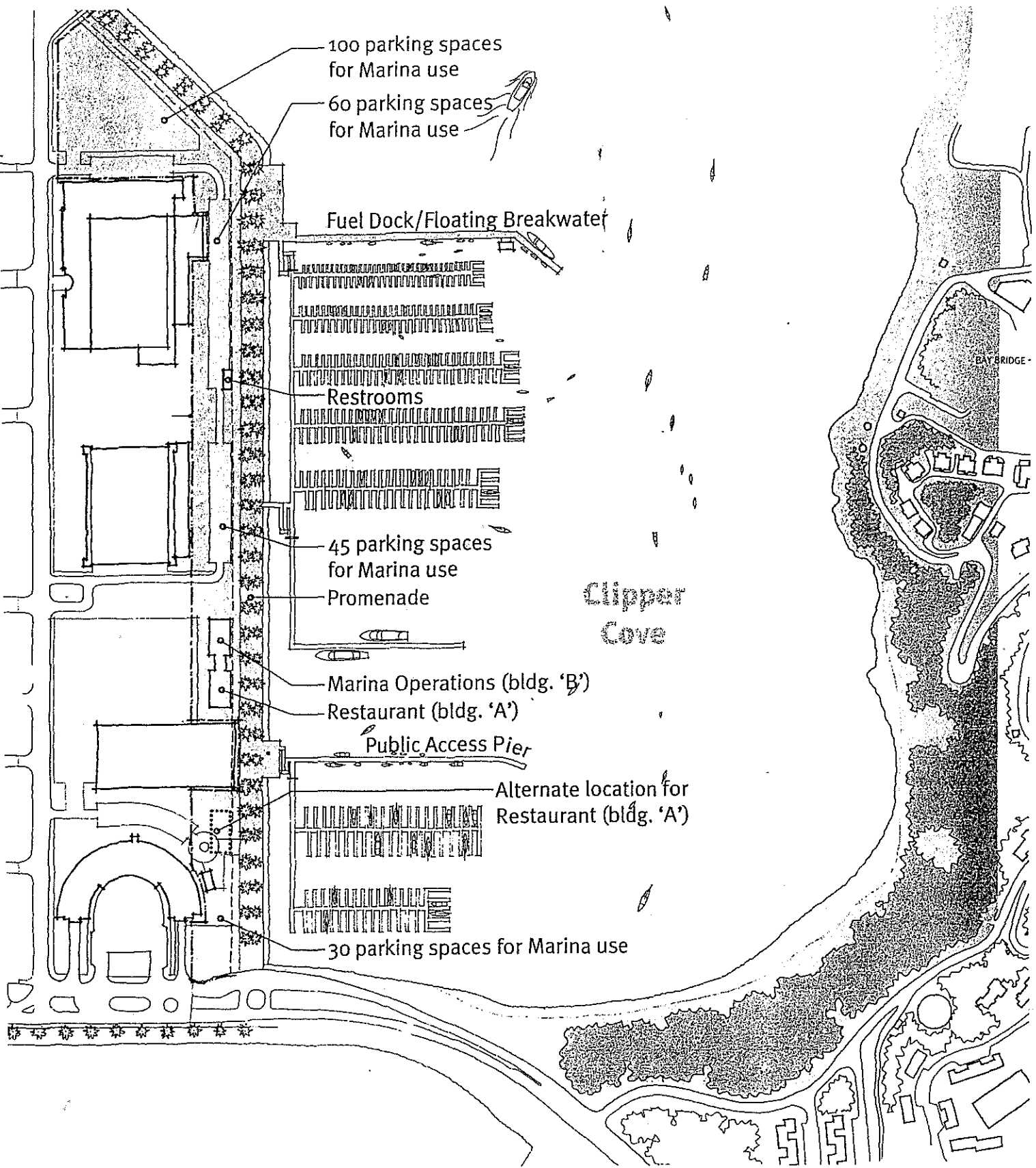


Treasure Island Enterprise

Treasure Island Marina P.D.C.

Exhibit B-1
Phase I Premises - Temporary Landside Improvements

November 8, 2001
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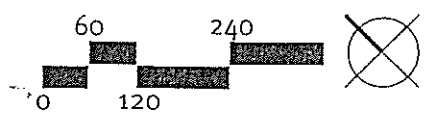
Treasure Island Enterprise

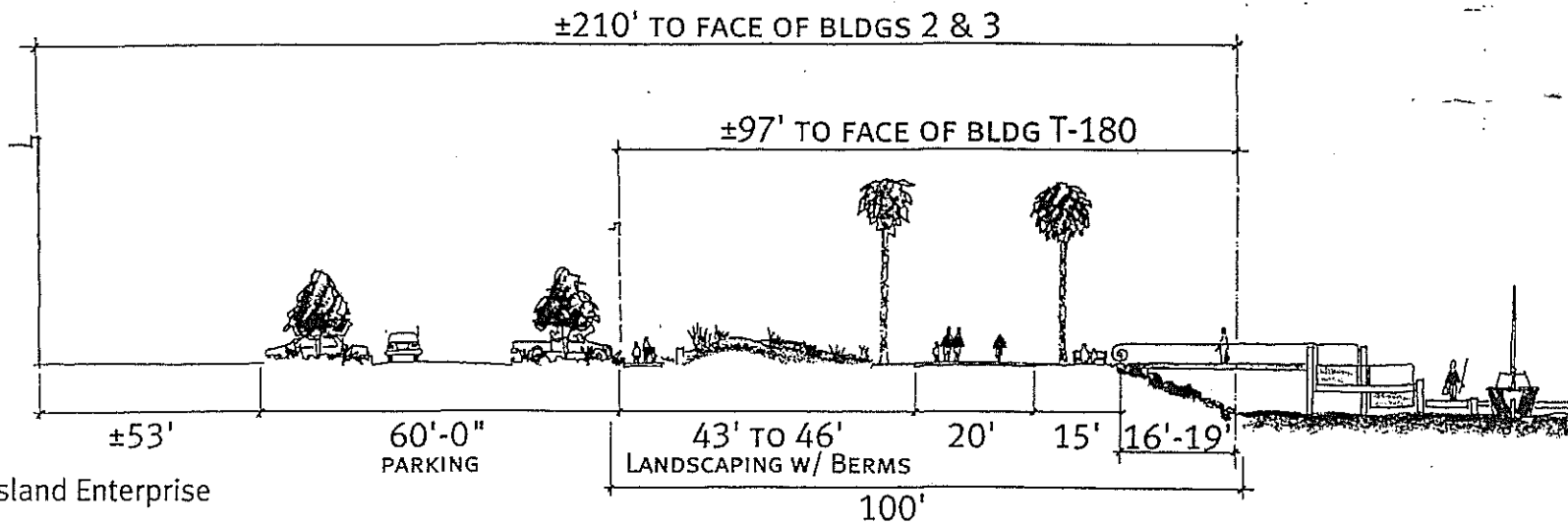
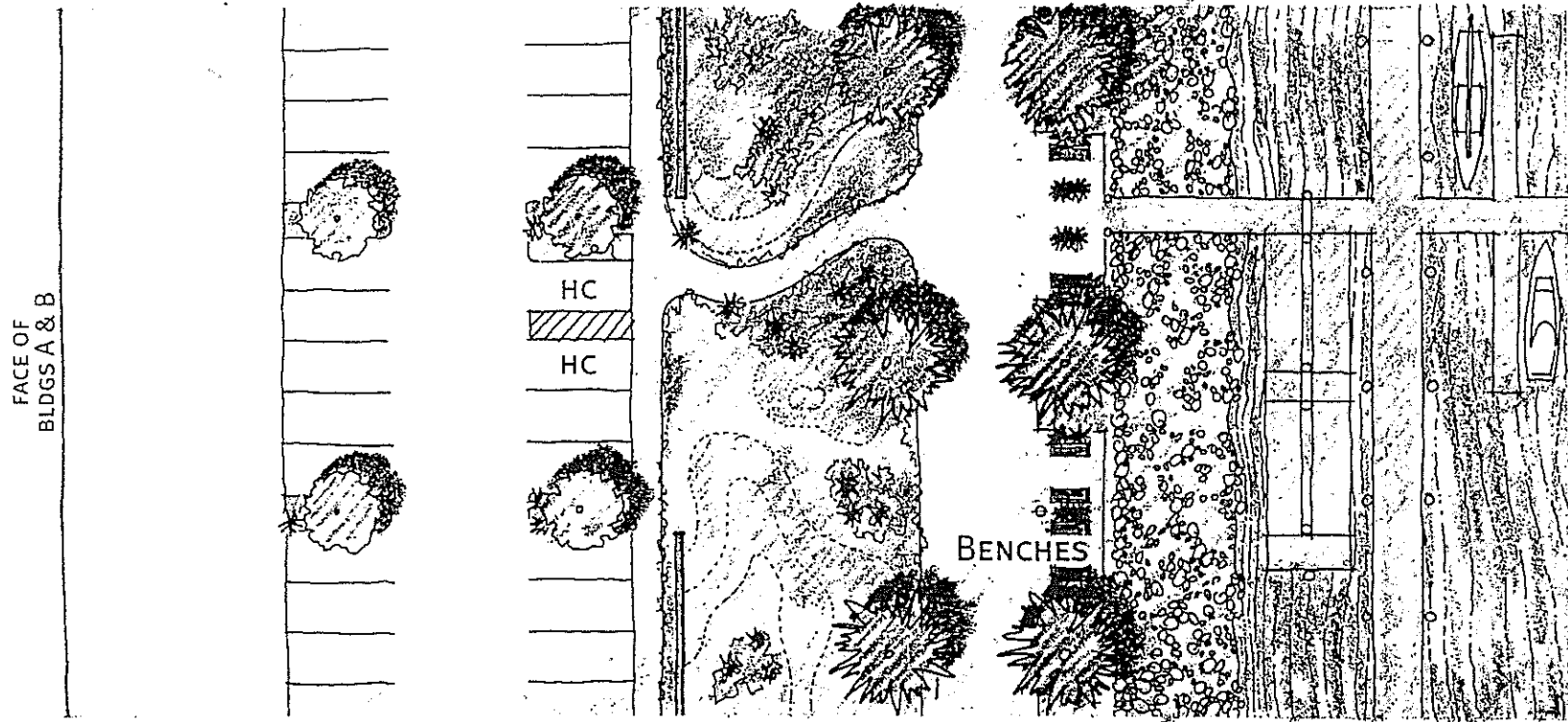
November 8, 2001

KWAN HENMI Architecture/Planning, Inc.

Treasure Island Marina P.D.C.

Exhibit B-2
Phase II Premises





Treasure Island Marina P.D.C.

Exhibit B-2

Phase II Premises - Permanent Landside Improvements

November 8, 2001

KWAN HENMI Architecture/Planning, Inc.

Exhibit C - Schedule of Performance

EXHIBIT "C"

TREASURE ISLAND MARINA
SCHEDULE OF PERFORMANCE

Schedule	Responsible Party	Performance
1. Record of Decision	Navy	
2. EIR Certification	Authority	
3. EDC Conveyance	Navy/Authority	
4. Approval of Term Sheet	Authority	
5. Submittal of draft Final Development Plan Concept for New Marina to Authority (§II.D of Term Sheet)	TIE	90 days from Approval of Term Sheet
6. Workshop with and presentation to Authority Board of draft Final Development Plan (§II.D of Term Sheet)	TIE	First Regularly Scheduled Meeting of the Authority following Submittal
7. Modification (if necessary) and resubmittal of draft Final Development Plan based on comments from Authority Board (§II.D of Term Sheet)	TIE	3 weeks following workshop and presentation to Authority Board
8. Public Workshop on Treasure Island (which includes TI/YBI CAB) for presentation of draft Final Development Plan (§II.D of Term Sheet)	TIE	First regularly scheduled meeting of the TI/YBI CAB following submittal of revised Plan to the Authority
9. Further modification and resubmittal (if necessary) of draft Final Development Plan after workshops to Authority (§II.D of Term Sheet)	TIE	3 weeks following public workshop on Treasure Island
10. Approval of Final Development Plan by Authority (§II.D of Term Sheet)	Authority	First regularly scheduled meeting of TIDA following the later of (i) Authority's receipt of last submittal in #9 above or (ii) the public workshop on Treasure Island in #8 above
11. Final Adoption of Redevelopment Plan and Sub-Area Specific Plan	Authority - Resolution; City - Board of Supervisors Ordinance	After EIR Certification, EDC Conveyance, and Authority's approval of Final Development Plan
12. Approval of DDA and Ground Lease	Authority/City	For Authority, after Authority's approval of the Redevelopment Plan; for the City,

EXHIBIT "C"

		following passage of the ordinance adopting the Redevelopment Plan
13. Execution of DDA	Authority/TIE	5 Days after approval by Authority and City and effective date of Ordinance approving Redevelopment Plan
14. Submittal of Schematic Design Documents for Phase I Waterside Improvements	TIE	
15. Submittal of Design Development Documents for Phase I Waterside Improvements	TIE	
16. Submittal of Final Construction Documents for Phase I Waterside Improvements	TIE	
17. Submittal of Job Broker Agreement with TIHDI for Phase I Waterside Improvements (§III.C, p.7 of Term Sheet)	TIE	
18. Submittal and approval and deposit of management agreement with Almar (§III.C, pp.7 & 8 of Term Sheet)	TIE	
19. Authority approval of construction documents for Phase I Waterside Improvements (§III.C, p.8 of Term Sheet)	Authority	
20. Payment of Holding Rent and any DDA Extension Fees (§III.C, p.8 of Term Sheet)	TIE	
21. Obtain Building and Site permits and any other regulatory approvals from City for Phase I Waterside Improvements (§III.C, p.8 of Term Sheet)	TIE	
22. Obtain all other regulatory approvals for Phase I Waterside Improvements - e.g., BCDC, Army Corps of Engineers, DTSC, Regional Water Quality Control Board (§III.C, p.8 of Term Sheet)	TIE	
23. Preparation and recording of Final Subdivision Map for Ground Lease Premises	TIE/TIDA	
24. Submit evidence of financing for completion of all of Phase I Waterside Improvements (§III.C, p.8 of Term Sheet)	TIE	
25. Submit stipulated sum or guaranteed maximum price construction contract for Phase I Waterside Improvements (§III.C, p.8 of Term Sheet)	TIE	
26. Deposit into escrow all required insurance into escrow for Phase I Waterside Improvements (§III.C, p.8 of	TIE	

EXHIBIT "C"

Term Sheet)		
27. Deposit into escrow OA 3 LLC guarantee (§III.C, p.8 of Term Sheet)	TIE	
28. Close escrow on lease of Phase I Premises (§III.C, pp.7 & 10 of Term Sheet)	TIE/Authority	Within 12 mos of DDA and upon satisfaction of all conditions precedent shown in ##14 thru 27 above.
29. Commencement of Construction of Phase I Waterside Improvements	TIE	
30. Completion of Construction of Phase I Waterside Improvements	TIE	Within 18 mos. of Close of Escrow on Phase I Ground Lease
31. a. Master Developer's completion of Basic Base Improvements b. TIE's written notice to perform Basic Base Improvements on Phase II property - only if Master Developer does not perform (§III.C, pp.8 & 9 of Term Sheet)	Master Developer TIE	5 years following execution of DDA 90 days after end of 5 yrs from execution of DDA. ("Phase II Trigger Date")
32. Submittal of Schematic Design Documents for Phase II Landside Improvements	TIE	
33. Submittal of Design Development Documents for Phase II Landside Improvements	TIE	
34. Submittal of Final Construction Documents for Phase II Landside Improvements	TIE	
35. Submittal of Job Broker Agreement with TIHDI for Phase II Landside Improvements (§III.C, p.9 of Term Sheet)	TIE	
36. Submittal and approval and deposit of management agreement with restaurant manager or sublessee (§III.C, p.9 of Term Sheet)	TIE	
37. Deposit full amount of Infrastructure Advance, if applicable (§III.C, p.9 of Term Sheet)	TIE	
38. Completion of Phase I Waterside Improvements and no defaults in DDA or Phase I Ground Lease	TIE	
39. Authority approval of construction documents for Phase II Landside Improvements (§III.C, p.9 of Term Sheet)	Authority	
40. Obtain Building and Site permits and any other regulatory approvals from City for Phase II Landside Improvements (§III.C, p.9 of Term Sheet)	TIE	

EXHIBIT "C"

41. Obtain all other regulatory approvals for Phase II Landside Improvements - e.g., BCDC, Army Corps of Engineers, DTSC, Regional Water Quality Control Board (§III.C, p.9 of Term Sheet)	TIE	
42. Submit evidence of financing for completion of all of Phase II Landside Improvements (§III.C, p.9 of Term Sheet)	TIE	
43. Submit stipulated sum or guaranteed maximum price construction contract for Phase II Landside Improvements (§III.C, p.9 of Term Sheet)	TIE	
44. All required insurance and OA 3 LLC Guaranty still in place and effective as to Phase II Landside Improvements	TIE	
45. Close escrow on Phase II Ground Lease (§III.C, p.10 of Term Sheet)	TIE/Authority	Within 12 mos. Of Phase II Trigger Date and satisfaction of all conditions precedent set forth in ##32 thru 44 above
46. Commence Construction of Phase II Landside Improvements	TIE	
47. Complete Construction of Phase II Landside Improvements (§III.C, p.10 of Term Sheet)	TIE	Within 12 mos. of Close of Escrow for Phase II Ground Lease or 24 mos of Phase II Trigger Date

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Exhibit D - Percentage Rent

Percentages of Gross Revenues
Exhibit D

<u>Revenue Sources</u>	<u>Yr. 1-3</u> <u>Percentage Rent</u>	<u>Yr. 4-5</u> <u>Percentage Rent</u>	<u>Yr. 6+</u> <u>Percentage Rent</u>
Slip Rent / Dry Storage	5 %	10%	15%
Food Service	3.5%	3.5%	3.5%
Miscellaneous	5.0%	5.0%	5.0%

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° 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 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° 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.

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° 02' W 403.34 feet and S 39° 53' 48" W 340 feet from a granite monument shown on the above map as Granite point number 102, thence S 39° 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° 54' E 562.54 feet more or less to a point that bears N 89° 02' E 403.34 feet and S 39° 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 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° 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 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° 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 only 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.

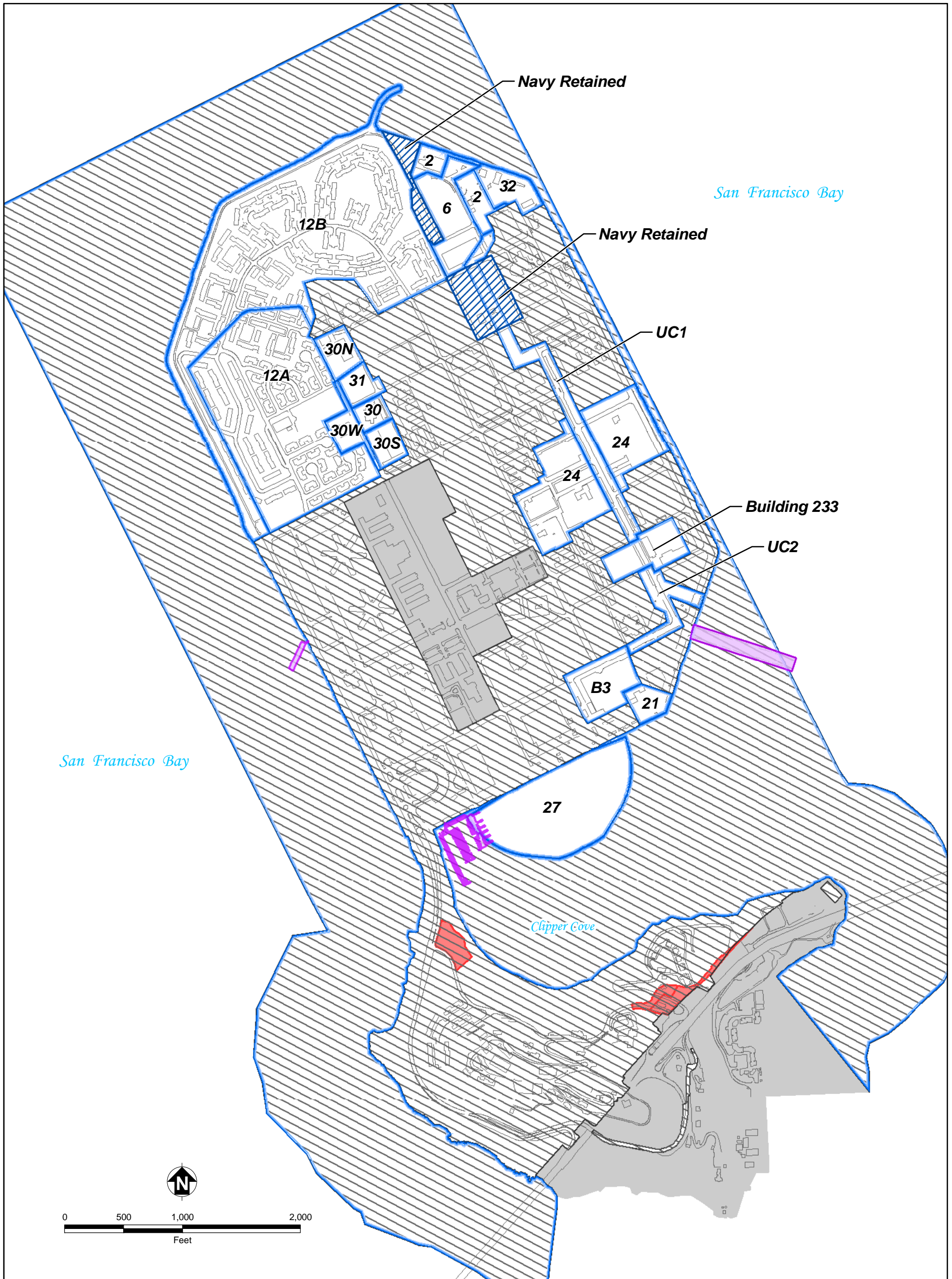
(d) In the event, at the effective date of any such amendment, modification, or revocation, there are in effect any such leases, contracts, or other instruments, the state may, at its option exercised by and through the State Lands Commission, succeed to the interest in any such instrument of the Authority; 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.





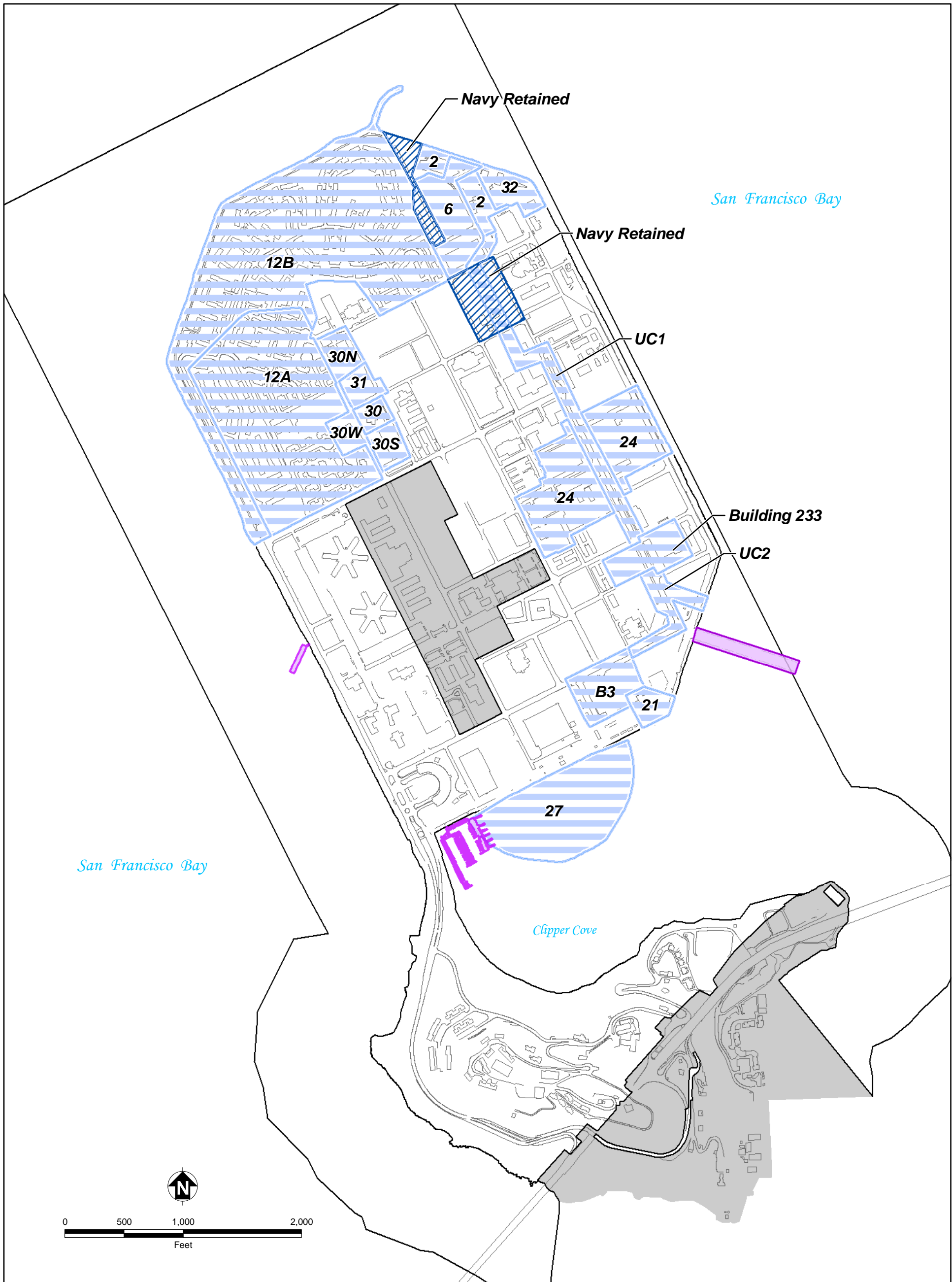
Transfer Parcels	
	FOST Parcel
	Remainder Parcel
	Navy Retained Property*
	Government Property
	Appurtenant Improvement (pier to be transferred with onshore parcel)
	Ramp Parcel
	Building
	Road Edge

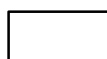

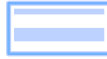


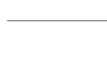

Note:
*To be transferred as part of the EDC upon completion of Navy's environmental remediation efforts.



Naval Station Treasure Island
Department of the Navy, BRAC PMO West, San Diego, CA

EXHIBIT B-2
FOST PARCEL MAP



- | | |
|--|--|
|  Transferred or Conveyed Property |  Appurtenant Improvement (pier to be transferred with onshore parcel) |
|  Remainder Parcel |  Building |
|  Navy Retained Property* |  Road Edge |
|  Government Property | |



Naval Station Treasure Island
Department of the Navy, BRAC PMO West, San Diego, CA

**EXHIBIT B-3
REMAINDER PARCEL MAP**

Note:
*To be transferred as part of the EDC upon completion of Navy's environmental remediation efforts.

SITE 12
BOUNDARY

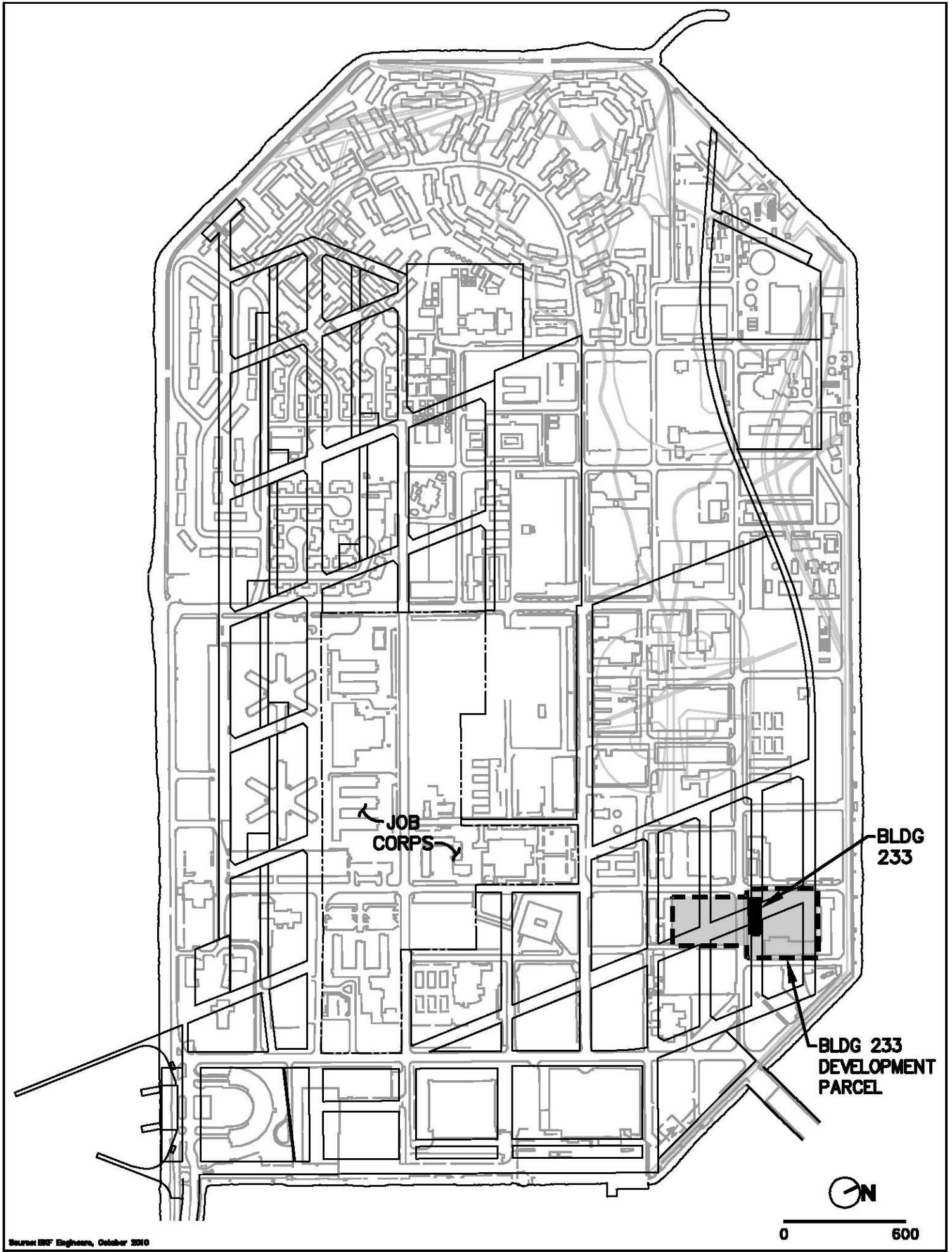
SITE 12A
DEVELOPMENT
PARCEL

SCHOOL

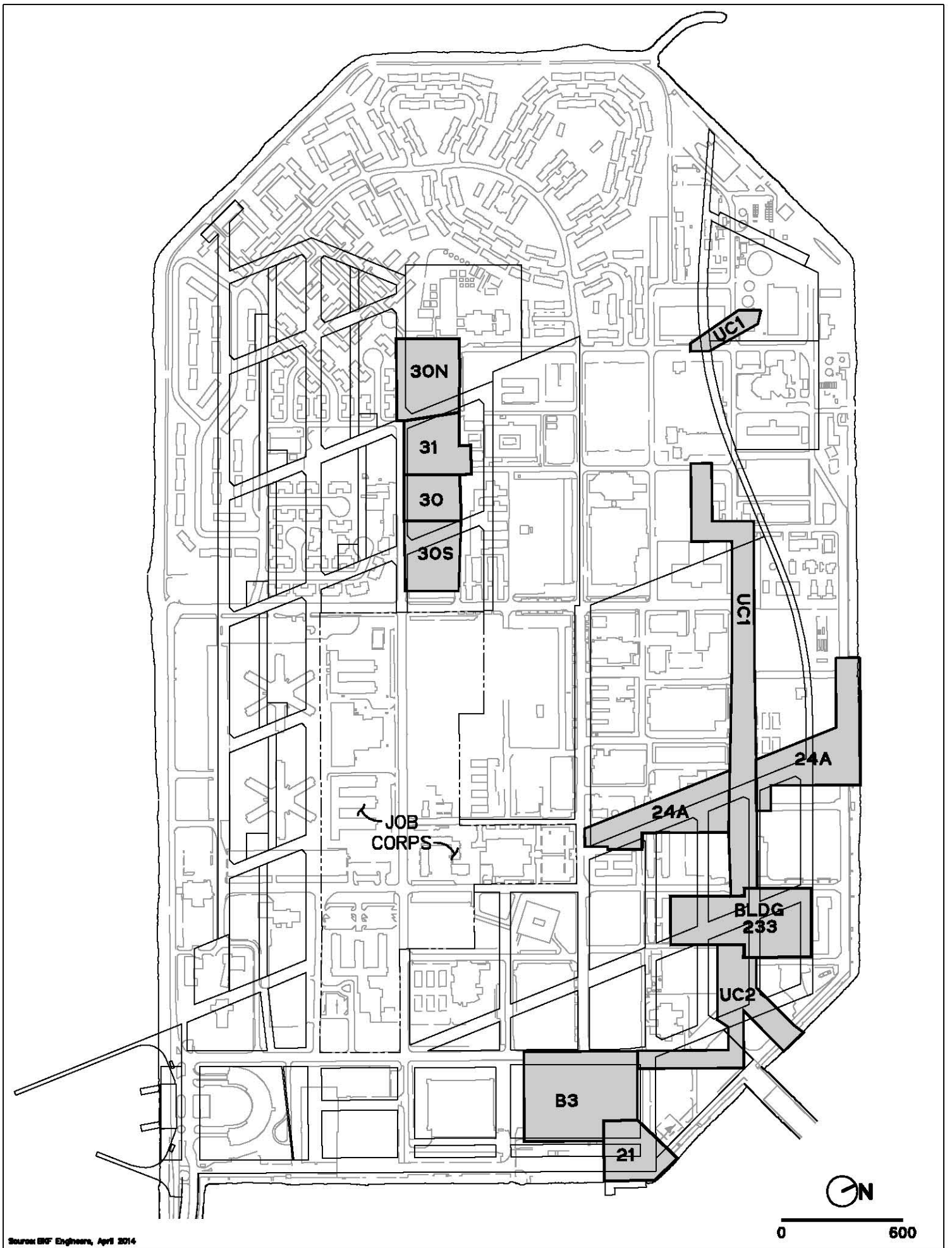
JOB
CORPS



0 600



Source: ERF Engineers, October 2010



Source: EBF Engineers, April 2014

RECORDING REQUESTED BY:

Department of the Navy
NAVFAC HQ
Base Realignment and Closure
Program Management Office West
1455 Frazee Road, Suite 900
San Diego, California 92108-4310
Attn: Real Estate Contracting Officer

WHEN RECORDED MAIL TO:

Treasure Island Development Authority
One Avenue of the Palms, Suite 241
Treasure Island
San Francisco, CA 94130
Attention: Treasure Island Project Director

Exempt from documentary transfer tax pursuant to California Revenue and Taxation Code §11922. Exempt from recording fees pursuant to California Government Code §27383. Governmental agency acquiring title.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

[Note: As set forth in Article 16.1 of the Economic Development Conveyance Memorandum of Agreement: Each Quitclaim Deed will include, if applicable, those environmental restrictions and covenants required by the: (1) CERCLA Record of Decision, (2) approved Corrective Action Plan, (3) FOST.]

QUITCLAIM DEED FOR PARCEL []
NAVAL STATION TREASURE ISLAND AND ENVIRONMENTAL
RESTRICTION PURSUANT TO CIVIL CODE SECTION 1471

THIS DEED, made this ____ day of _____, 20____, (“**Effective Date**”) by and between the **UNITED STATES OF AMERICA**, acting by and through the Department of the Navy, hereinafter called the **GRANTOR**, and the **TREASURE ISLAND DEVELOPMENT AUTHORITY**, a California non-profit public benefit corporation recognized as the Local Redevelopment Authority by the Office of Economic Adjustment, hereinafter called the **GRANTEE**.

WITNESSETH:

WHEREAS, pursuant to the power and authority provided by § 2905(b)(4) of the Defense Base Closure and Realignment Act of 1990, 10 U.S.C. § 2687 note, as amended, and the implementing regulations of the Department of Defense (32 C.F.R. Part 174), GRANTOR is authorized to convey surplus property at a closing installation to GRANTEE for economic development purposes; and

WHEREAS, the GRANTOR and the GRANTEE entered into that certain *Economic Development Conveyance Memorandum of Agreement Between the United States of America, acting by and through the Department of the Navy, and the Treasure Island Development*

TREASURE ISLAND QUITCLAIM DEED FOR PARCEL [_____]

Page 2.

Authority for the Conveyance of the Naval Station Treasure Island on the _____ day of _____, 2014 (the “Agreement”); and

WHEREAS, pursuant to the Agreement, GRANTOR agreed to convey to GRANTEE portions of former Naval Station Treasure Island, said portions including Parcel ____ which consists of approximately _____ acres located in the City and County of San Francisco, State of California, all as more particularly described on Exhibit “A” attached hereto and made a part hereof (the “**Property**”); and

WHEREAS, GRANTOR has completed the remedial actions on the Property that are necessary to provide the covenants required by the Comprehensive Environmental Response, Compensation and Liability Act (“**CERCLA**”), 42 U.S.C. Section 9620(h)(3)(A)(ii)(I) [*confirm appropriate citation following FOST review*]; and

WHEREAS, GRANTOR has found and determined that the Property is suitable for transfer pursuant to the Finding of Suitability for Transfer dated _____ and the Finding of Suitability for Transfer dated _____ (collectively, the “**FOST**”), which contains notifications and restrictions regarding environmental conditions on the Property, which notifications and restrictions are fully set forth in this Deed; and

WHEREAS, the GRANTOR has entered into a Covenant to Restrict Use of Property – Environmental Restrictions for a Portion of the Property with the California Department of Toxic Substances and Control (“**DTSC**”) dated _____, 20____. [*Note: report name and date to be inserted*]

NOW THEREFORE, GRANTOR, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby remise, release and forever quitclaim to the GRANTEE, its successors and assigns, all of GRANTOR’s right, title and interest in and to the Property:

I. TOGETHER WITH all buildings and improvements located thereon, and all and singular rights, tenements, hereditaments, appurtenant easements and appurtenances belonging, or in any way appertaining thereto, including fixtures, structures, mineral rights, water rights, alleys, roads, streets, ways, strips, gores or railroad rights of way upon said Property, and any means of ingress and egress appurtenant thereto.

II. SUBJECT TO THE FOLLOWING NOTICES, COVENANTS, RESTRICTIONS, ACCESS RIGHTS AND CONDITIONS, which shall be binding upon and enforceable against the GRANTEE, its successors and assigns, in perpetuity:

A. GRANTEE agrees to accept conveyance of the Property subject to all covenants, conditions, restrictions, easements, rights-of-way, reservations, rights, agreements, and encumbrances of record.

TREASURE ISLAND QUITCLAIM DEED FOR PARCEL [____]

Page 3.

B. Except as otherwise provided herein, or as otherwise provided by law, the GRANTEE acknowledges that it has inspected, is aware of, and accepts the condition and state of repair of the Property, and that the Property is conveyed “as is” and “where is” without any representation, promise, agreement, or warranty on the part of the GRANTOR regarding such condition and state of repair, or regarding the making of any alterations, improvements, repairs or additions. Except for the environmental remediation which may be required to be undertaken by GRANTOR, the GRANTEE further acknowledges that the GRANTOR shall not be liable for any latent or patent defects in the Property, except to the extent required by applicable law.

C. One or more FOSTs has been completed for the Property and an Environmental Baseline Survey (“EBS”) report is referenced in the FOST. The FOST and EBS reference environmental conditions on the Property. GRANTEE acknowledges that it has received copies of the EBS and the FOST and that all documents referenced therein have been made available to GRANTEE for inspection and copying.

D. FLOOD PLAIN NOTIFICATION: *[Include if applicable:]* To the extent that any portion of the Property lies within a floodplain as defined in Section 6(c) of Executive Order No. 11988, Floodplain Management, dated May 24, 1977, construction, development and other uses of that portion of the Property could be restricted by the standards and criteria of the National Flood Insurance Program of the Federal Emergency Management Agency, or other applicable regulations.

E. NO HAZARD TO AIR NAVIGATION: GRANTEE and its successors and assigns shall comply with the provisions of Title 14, Code of Federal Regulations, part 77, entitled “Objects Affecting Navigable Airspace” in connection with any construction or alteration on the Property for which notice to the Administrator of the Federal Aviation Administration is required to be provided in accordance with those regulations.

F. *[Note: to be confirmed as correct CERCLA clause following FOST review]* **PROPERTY COVERED BY NOTICE, DESCRIPTION, ACCESS RIGHTS, AND COVENANTS MADE PURSUANT TO SECTION 120(h)(3)(A) OF THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980 (42 U.S.C. § 9620(h)(3)(A)):** For the Property, the GRANTOR provides the following notice, description, and covenants and retains the following access rights:

1. Notices Pursuant to Section 120(h)(3)(A)(i)(I) and (II) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C § 9620(h)(3)(A)(i)(I) and (II)): Pursuant to section 120(h)(3)(A)(i)(I) and (II) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C § 9620(h)(3)(A)(i)(I) and (II)), available information regarding the type, quantity, and location of hazardous substances and the time at which such substances were stored, released, or disposed

TREASURE ISLAND QUITCLAIM DEED FOR PARCEL [_____]

Page 4.

of, as defined in section 120(h), is provided in Exhibit "B", attached hereto and made a part hereof.

2. Description of Remedial Action Taken, if any, Pursuant to Section 120(h)(3)(A)(i)(III) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(III)): Pursuant to section 120(h)(3)(A)(i)(III) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(III)), a description of the remedial action taken, if any, on the Property is provided in Exhibit "B", attached hereto and made a part hereof.

3. Covenant Pursuant to Section 120(h)(3)(A)(ii) and (B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(ii) and (B)): Pursuant to section 120(h)(3)(A)(ii) and (B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(ii) and (B)), the GRANTOR warrants that:

(a) all remedial action necessary to protect human health and the environment with respect to any hazardous substance identified pursuant to section 120(h)(3)(A)(i)(I) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 remaining on the Property has been taken before the date of this Deed, and

(b) any additional remedial action found to be necessary after the date of this Deed shall be conducted by the United States.

4. Access Rights Pursuant to Section 120(h)(3)(A)(iii) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C § 9620(h)(3)(A)(III)):

The United States retains and reserves a perpetual and assignable easement and right of access on, over, and through the Property, to enter upon the Property in any case in which a remedial action or corrective action is found to be necessary on the part of the United States, without regard to whether such remedial action or corrective action is on the Property or on adjoining or nearby lands. Such easement and right of access includes, without limitation, the right to perform any environmental investigations, survey, monitoring, sampling, testing, drilling, boring, coring, testpitting, installing monitoring or pumping wells or other treatment facilities, response action, corrective action, or any other action necessary for the United States to meet its responsibilities under applicable laws and as provided for in this instrument. Such easement and right of access shall be binding on the GRANTEE and its successors and assigns and shall run with the land.

In exercising such easement and right of access, the United States shall provide the GRANTEE or its successors or assigns, as the case may be, with reasonable notice of its intent to enter upon the Property and exercise its rights under this clause, which notice may be severely

TREASURE ISLAND QUITCLAIM DEED FOR PARCEL [_____]

Page 5.

curtailed or even eliminated in emergency situations. The United States shall use reasonable means to avoid and to minimize interference with the GRANTEE's and the GRANTEE's successors' and assigns' quiet enjoyment of the Property. At the completion of work, the work site shall be reasonably restored. Such easement and right of access includes the right to obtain and use utility services, including water, gas, electricity, sewer, and communications services available on the Property at a reasonable charge to the United States. Excluding the reasonable charges for such utility services, no fee, charge, or compensation will be due the GRANTEE, nor its successors and assigns, for the exercise of the easement and right of access hereby retained and reserved by the United States.

In exercising such easement and right of access, neither the GRANTEE nor its successors and assigns, as the case may be, shall have any claim at law or equity against the United States or any officer or employee of the United States based on actions taken by the United States or its officers, employees, agents, contractors of any tier, or servants pursuant to and in accordance with this clause: Provided, however, that nothing in this paragraph shall be considered as a waiver by the GRANTEE and its successors and assigns of any remedy available to them under the Federal Tort Claims Act.

G. *[Insert any environmental restrictions or land use covenants as may be designated in the CERCLA Record of Decision, an approved Corrective Action Plan or the FOST, and insert any additional notices.]*

H. TERMINATION. The GRANTEE and its successors and assigns may apply to GRANTOR for a termination of one or more of the environmental restrictions or covenants in the Deed concerning all or any portion of the Property. Copies of such application shall be provided to the Federal Facility Site Remediation Agreement (FFSRA) signatories. If the FFSRA signatories determine that the applicable environmental land use restriction or covenant is no longer necessary for the protection of human health and the environment, then documentation of that determination shall be provided to the GRANTOR in a form acceptable to GRANTOR. If GRANTOR concurs with that determination, then GRANTOR shall provide to the GRANTEE or its successors and assigns, a release of the applicable environmental restrictions or covenants in an appropriate form for recordation. No release of environmental restrictions or covenants shall extinguish or modify any covenants, assurance, or rights of access reserved or provided pursuant to CERCLA Section 120(h)(3) [42 U.S.C. § 9620(h)(3)] in any deed by which the GRANTOR conveys the Property.

I. LEAD-BASED PAINT (LBP). *[Where applicable]*

1. The Property may include improvements that are presumed to contain LBP because they are thought to have been constructed prior to 1978. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Pursuant to 40 CFR Section 745.113 and the FOST(s), the following notice is provided: "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is

TREASURE ISLAND QUITCLAIM DEED FOR PARCEL [____]

Page 6.

notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase. The GRANTEE will be responsible for managing all lead-based paint in compliance with all applicable federal, state and local laws and regulations."

2. Due to the presence of lead-based paint on structures located on the Property, interim use of these structures as residential real property or child occupied facilities prior to any demolition or legally-required abatement of lead-based paint hazards is prohibited. The GRANTEE shall be responsible for managing all lead-based paint, including soil lead hazards resulting from release of lead to soil from lead-based paint on structures or GRANTEE's demolition activities, in compliance with the Residential Lead Based Paint Hazard Reduction Act of 1992, 42 U.S.C. Section 4852d ("**Title X**") and all applicable federal, state and local laws and regulations. The GRANTEE shall conduct soil sampling and, if necessary, remediation after demolition and removal of demolition debris and prior to occupancy of any newly constructed dwelling units in a manner consistent with Title X and Department of Housing and Urban Development guidelines.

3. The GRANTEE hereby acknowledges the required disclosure of the presence of any known LBP and/or LBP hazards in target housing constructed prior to 1978 in accordance with Title X. The GRANTOR agrees that it has provided to GRANTEE, and GRANTEE acknowledges the receipt of, available records and reports pertaining to LBP and/or LBP hazards and receipt of the Environmental Protection Agency (EPA) approved pamphlet "Protect Your Family from Lead in Your Home" (EPA 747-K-94-001). Furthermore, the GRANTEE acknowledges that it has read and understood the EPA pamphlet.

4. The GRANTEE covenants and agrees that, in any improvements on the Property defined as target housing by Title X and constructed prior to 1978, LBP hazards will be disclosed to potential occupants in accordance with Title X before use of such improvements as a residential dwelling (as defined in Title X). Further, the GRANTEE covenants and agrees that LBP hazards in target housing will be abated to the extent required in accordance with Title X before use and occupancy as a residential dwelling, in accordance with applicable laws. "Target housing" means any housing constructed prior to 1978, except housing for the elderly or persons with disabilities (unless any child who is less than six (6) years of age resides, or is expected to reside, in such housing) or any zero-bedroom dwelling.

5. The GRANTEE covenants and agrees that in its use and occupancy of the Property, it will comply with Title X and all applicable Federal, State, and local laws

TREASURE ISLAND QUITCLAIM DEED FOR PARCEL [____]

Page 7.

relating to LBP. The GRANTEE acknowledges that the GRANTOR assumes no liability for damages for personal injury, illness, disability, or death to the GRANTEE, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with LBP on the Property, arising after the conveyance of the Property from the GRANTOR to the GRANTEE, whether the GRANTEE has properly warned, or failed to properly warn, the persons injured.

J. ASBESTOS CONTAINING MATERIALS. [Where applicable]

1. The GRANTEE is hereby informed and does acknowledge that asbestos or asbestos containing materials (“ACM”) have been found and are otherwise presumed to exist in buildings, structures, and steam lines on the Property. The location and condition of known ACM is documented in survey and remediation summary reports (Final 2009 Asbestos Reevaluation Report for Treasure Island and Yerba Buena Island dated February 2011). GRANTOR covenants that it has provided to the GRANTEE all documentation regarding the presence of any known ACM, and the GRANTEE acknowledges receipt of documentation disclosing the presence of any known ACM in the buildings, structures, and steam lines on the Property. The GRANTEE covenants that it will prohibit use or occupancy of buildings and structures that may be located on the Property or portions thereof containing known friable ACM prior to abatement of the friable ACM or demolition of the building or structure, as may be required by applicable law. The GRANTEE shall have the right to use all steam lines that may be located on the Property or portions thereof in accordance with applicable law.

2. The GRANTEE covenants and agrees that in its use and occupancy of the Property, including but not limited to demolition or handling of buildings or utilities containing ACM, it will be responsible for managing ACM and for complying with all applicable Federal, State and local laws relating to ACM. The GRANTEE acknowledges that the GRANTOR assumes no liability for costs of any kind or for damages for personal injury, illness, disability, or death to the GRANTEE, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or activity causing or leading to contact of any kind whatsoever with ACM in the improvements including, but not limited to, the utilities (both underground and above-ground) and structures on the Property, arising after the conveyance of the Property from the GRANTOR to the GRANTEE, whether the GRANTEE has properly warned, or failed to properly warn the persons injured.

K. NON-DISCRIMINATION. GRANTEE covenants not to discriminate upon the basis of race, color, religion, disability, sex, age or national origin in the use, occupancy, sale, or lease of the Property, or in its employment practices conducted thereon. This covenant shall not apply however, to the lease or rental of a room or rooms within a family dwelling unit, nor shall it apply with respect to religion if the Property is on premises used primarily for religious purposes. The GRANTOR shall be deemed a beneficiary of this covenant

TREASURE ISLAND QUITCLAIM DEED FOR PARCEL [_____]

Page 8.

without regard to whether it remains the owner of any land or interest therein in the locality of the Property hereby conveyed and shall have the sole right to enforce this covenant in any court of competent jurisdiction.

L. PESTICIDE NOTIFICATION. The GRANTEE is hereby notified that the Property may contain pesticide residue from pesticides that have been applied in the management of the Property. The GRANTOR knows of no use of any registered pesticide in a manner inconsistent with its labeling and believes that all applications were made in accordance with the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), 7 U.S.C. Section 136, et seq. It is the GRANTOR's position that it shall have no obligation under the covenants provided pursuant to Section 120(h)(3)(A)(ii) of CERCLA, 42 U.S.C. Sections 96720(h)(3)(A)(ii), for the remediation of any registered pesticides applied in a manner consistent with its labeling and in accordance with FIFRA. GRANTEE reserves the right to assert that GRANTOR may have continuing obligations under Section 120(h)(3)(A)(ii) of CERCLA for the remediation of registered pesticides.

M. PETROLEUM CONTAMINATION. *[Where applicable, insert specific references to petroleum contamination sites and restrictions on the Property]*

N. POLYCHLORINATED BIPHENYLS. *[Where applicable, insert specific references to PCB sites and restrictions on the Property]*

O. GROUNDWATER WELLS. *[Where applicable, insert specific references to groundwater wells and restrictions on the Property]*

P. FEDERAL BRIDGE USE. *[Where applicable]* This Deed is subject to the terms of the Offer Of Compromise between the State of California and the Attorney General of the United States of December 16, 1938, defining the scope of the privilege of free passage upon, over and across the San Francisco-Oakland Bay Bridge for military, naval, and civilian personnel originally established in paragraph five (5) of the Joint Permit executed by the Secretary of War, the Acting Secretary of the Navy, and the State of California on August 20, 1932.

Q. ARC OF VISIBILITY. *[Where applicable]* As provided in the Treasure Island and Yerba Buena Island Design for Development Section T4.9, buildings whose height does not exceed the applicable maximum height on the Maximum Height Plan subject to projections permitted under Standard T4.4.5, but do exceed the applicable height on the Heights Requiring Consultation Plan inclusive of any projections, are permitted but require consultation with TIDA and the U.S. Coast Guard to determine whether the building may interrupt direct contact between the U.S. Coast Guard's Vessel Traffic Service (VTS) and vessels in the San Francisco Bay shipping channels. In the event that the consultation determines that the building would interrupt the VTS's direct contact, the applicant must alter the building so it does not do so or make other arrangements to avoid doing so; such arrangements may include but are not

TREASURE ISLAND QUITCLAIM DEED FOR PARCEL [____]

Page 9.

limited to: upgrading the VTS equipment, locating VTS equipment on the roof of the building, or relocating VTS equipment to a new location.

III. RESERVING UNTO GRANTOR:

A. *[Insert any easements or other rights being reserved including for utilities and roads and any terms and conditions to those easements, and attach any necessary exhibits. Such reservations may benefit, but are not limited to, the U.S. Coast Guard property on Yerba Buena Island consistent with Article 9 of the EDC Agreement.]*

IV. GRANTING UNTO GRANTEE:

A. *[Insert any easements or other rights being granted over remaining Navy property for utilities and roads serving the conveyed property and any terms and conditions to those easements; attach any necessary exhibits. In some cases, it may be preferable to grant such rights under a separate instrument.]*

V. THE CONDITIONS, RESTRICTIONS, RESERVATIONS, AND COVENANTS set forth in this Deed, unless subsequently released, are a binding servitude on the Property; shall inure to the benefit of the GRANTOR and GRANTEE, their successors and assigns, and will be deemed to run with the land in perpetuity, pursuant to California Civil Code Section 1462 and 1471 and other applicable authority.

VI. LIST OF EXHIBITS: The following exhibits are attached hereto and made a part of this Deed:

- A. Exhibit "A" Legal Descriptions and Plats of the Property
- B. Exhibit "B" Notice Regarding Type, Quantity, Location and Time at which Hazardous Substances were Stored, Released or Disposed of on the Property, if any, and Table of Hazardous Substances Notification and Remedial Action Taken, if any
- C. Exhibit "C" Petroleum Contamination Site Legal Descriptions, if any
- D. Exhibit "D" Area Requiring Institutional Controls Legal Descriptions, if any

[SIGNATURE PAGE FOLLOWS]

TREASURE ISLAND QUITCLAIM DEED FOR PARCEL [_____]
Page 10.

IN WITNESS WHEREOF, the GRANTOR has caused its name to be signed to these presents by an authorized Real Estate Contracting Officer on the day first above written.

UNITED STATES OF AMERICA,
acting by and through the Department of the Navy

BY: _____
Name:
Title: Real Estate Contracting Officer

ACCEPTANCE:

The GRANTEE hereby accepts this Quitclaim Deed and agrees to be bound by all the agreements, covenants, conditions, restrictions and reservations contained herein.

TREASURE ISLAND DEVELOPMENT AUTHORITY

BY: _____
Name:
Title:

Date: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

File No: (_____)

APN No:

STATE California)SS
COUNTY _____)

On _____ before _____, Notary Public, personally

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

This area for official notarial seal.

**TREASURE ISLAND QUITCLAIM DEED FOR PARCEL [_____]
Page 12.**

CERTIFICATE OF ACCEPTANCE

Government Code Section 27281

This is to certify that the interest in real property conveyed by the Quitclaim Deed for the Parcel [_____] from the United States of America to the Treasure Island Development Authority, a California non-profit public benefit corporation, Grantee, is hereby accepted by the undersigned officer, its _____, on behalf of the _____, pursuant to the authority conferred by Resolution No. _____, adopted on _____, and the Grantee consents to the recordation thereof, by its duly authorized officer. The Grantee hereby agrees to be bound by all the agreements, covenants, conditions, restrictions and reservations contained herein.

IN WITNESS WHEREOF, I have hereunder set my hand this ____ day of _____, 20__.

Approved As To Form:
DENNIS J. HERRERA, City Attorney

By: _____
Name:
Deputy City Attorney

TREASURE ISLAND DEVELOPMENT AUTHORITY

By: _____
Name:
Title:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

File No: (_____)
APN No:

STATE California)SS
COUNTY _____)

On _____ before _____, Notary Public, personally

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

This area for official notarial seal.

**TREASURE ISLAND EDC MOA
EXHIBIT DD**

Purpose:

The purpose of Exhibit DD is to calculate the first, second, and third tier payments of Additional Consideration in accordance with the Treasure Island EDC MOA between the Navy and TIDA. Sections 4.3.2 and 4.3.3 of the EDC MOA detail the conditions, triggers and calculation to be used in determining the amount of first and second tier consideration. Representatives from the Navy, TIDA and TICD have reviewed the formulas in the "Waterfall Calc Module for ExhDD" tab for consistency with the language in the EDC MOA.

Use:

Use of the model is limited to the "Input Cashflows" tab only.

On a quarterly basis, a user will input the Net Cash Flow, Principle Payments to the Navy (if applicable) and Interest Payments to the Navy (if applicable).

Details and backups behind these inputs will be provided within the quarterly IRR Statements.

No other inputs or changes to the model are to be made without prior approval by all parties to the EDC MOA.

TREASURE ISLAND - WATERFALL CALCULATION

ONLY INPUT INTO BLUE FONT CELLS

ONLY INPUT INTO BLUE font cells

Quarter

Month (start of quarter)

Total Month Count

Year 2012
2
4
3

Net Cash Flow Before Navy Payments

- \$ -

Initial Principal Payments to Navy (enter as negative number)

- \$0

Initial Interest Payments to Navy (enter as negative number)

- \$0

Total Initial Payments to Navy (up to \$55m in Initial Principal P:

- -

Net Cash Flow Before Accounting for First Tier Payment

- \$ -

YES if still within Intitial Consideration payment period

Yes

Outstanding Principle Payments

-\$55,000,000

Estimated Interest Payments:

- \$0

Notes:

*No interest first payment

Instructions: Insert Actual Quarterly Net Cashflow Amounts And Navy Payments Below

Year 2012		Year 2012		Year 2013		Year 2013		Year 2013		Year 2013		Year 2014	
3	4	1	2	3	4	1	2	3	4	1	2	3	4
7	10	1	4	7	10	1	4	7	10	1	4	7	10
6	9	12	15	18	21	24							
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
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Year 2014		Year 2014		Year 2014		Year 2015		Year 2015		Year 2015		Year 2015	
2	3	4	1	2	3	4							
4	7	10	1	4	7	10							
27	30	33	36	39	42	45							
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
\$0	\$0	\$0	\$0	\$0	\$0	\$0							
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Yes	Yes	Yes	Yes	Yes	Yes	Yes							
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000							
\$0	\$0	\$0	\$0	\$0	\$0	\$0							

Year 2016		Year 2016		Year 2016		Year 2016		Year 2017		Year 2017		Year 2017	
1	2	3	4	1	2	3	4	1	2	3	4	1	2
1	4	7	10	1	4	7	10	1	4	7	10	1	4
48	51	54	57	60	63	66	69	72	75	78	81	84	87
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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Year 2017	Year 2018	Year 2018	Year 2018	Year 2018	Year 2019	Year 2019
4	1	2	3	4	1	2
10	1	4	7	10	1	4
69	72	75	78	81	84	87
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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Yes	Yes	Yes	Yes	Yes	Yes	Yes
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Year 2019		Year 2019		Year 2020		Year 2020		Year 2020		Year 2020		Year 2021	
3	4	1	2	3	4	1	2	3	4	1	2	3	4
7	10	1	4	7	10	1	4	7	10	1	4	7	10
90	93	96	99	102	105	108							
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	\$0		\$0		\$0		\$0		\$0		\$0		\$0
	\$0		\$0		\$0		\$0		\$0		\$0		\$0
-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
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Year 2021		Year 2021		Year 2021		Year 2022		Year 2022		Year 2022		Year 2022	
2	3	4	1	2	3	4							
4	7	10	1	4	7	10							
111	114	117	120	123	126	129							
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
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\$0	\$0	\$0	\$0	\$0	\$0	\$0							
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
Yes	Yes	Yes	Yes	Yes	Yes	Yes							
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000							
\$0	\$0	\$0	\$0	\$0	\$0	\$0							

Year 2023		Year 2023		Year 2023		Year 2023		Year 2024		Year 2024		Year 2024	
1	2	3	4	1	2	3	4	1	2	3	4	1	2
1	4	7	10	1	4	7	10	1	4	7	10	1	4
132	135	138	141	144	147	150							
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 2024	Year 2025	Year 2025	Year 2025	Year 2025	Year 2026	Year 2026
4	1	2	3	4	1	2
10	1	4	7	10	1	4
153	156	159	162	165	168	171
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
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Year 2026	Year 2026	Year 2027	Year 2027	Year 2027	Year 2027	Year 2028
3	4	1	2	3	4	1
7	10	1	4	7	10	1
174	177	180	183	186	189	192
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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\$0	\$0	\$0	\$0	\$0	\$0	\$0
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Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0

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Year 2028		Year 2028		Year 2028		Year 2029		Year 2029		Year 2029		Year 2029	
2	3	4	1	2	3	4							
4	7	10	1	4	7	10							
195	198	201	204	207	210	213							
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
\$0	\$0	\$0	\$0	\$0	\$0	\$0							
\$0	\$0	\$0	\$0	\$0	\$0	\$0							
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Yes	Yes	Yes	Yes	Yes	Yes	Yes							
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000							
\$0	\$0	\$0	\$0	\$0	\$0	\$0							

Year 2030		Year 2030		Year 2030		Year 2030		Year 2031		Year 2031		Year 2031	
1	2	3	4	1	2	3	4	1	2	3	4	1	2
1	4	7	10	1	4	7	10	1	4	7	10	1	4
216	219	222	225	228	231	234	237	240	243	246	249	252	255
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 2031	Year 2032	Year 2032	Year 2032	Year 2032	Year 2033	Year 2033
4	1	2	3	4	1	2
10	1	4	7	10	1	4
237	240	243	246	249	252	255
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 2033	Year 2033	Year 2034	Year 2034	Year 2034	Year 2034	Year 2035
3	4	1	2	3	4	1
7	10	1	4	7	10	1
258	261	264	267	270	273	276
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 2035	Year 2035	Year 2035	Year 2036	Year 2036	Year 2036	Year 2036
2	3	4	1	2	3	4
4	7	10	1	4	7	10
279	282	285	288	291	294	297
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 2037		Year 2037		Year 2037		Year 2037		Year 2038		Year 2038		Year 2038	
1	2	3	4	1	2	3	4	1	2	3	4	1	2
1	4	7	10	1	4	7	10	1	4	7	10	1	4
300	303	306	309	312	315	318	321	324	327	330	333	336	339
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 2038	Year 2039	Year 2039	Year 2039	Year 2039	Year 2040	Year 2040
4	1	2	3	4	1	2
10	1	4	7	10	1	4
321	324	327	330	333	336	339
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 2040	Year 2040	Year 2041	Year 2041	Year 2041	Year 2041	Year 2042
3	4	1	2	3	4	1
7	10	1	4	7	10	1
342	345	348	351	354	357	360
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
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\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 2042	Year 2042	Year 2042	Year 2043	Year 2043	Year 2043	Year 2043
2	3	4	1	2	3	4
4	7	10	1	4	7	10
363	366	369	372	375	378	381
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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\$0	\$0	\$0	\$0	\$0	\$0	\$0
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Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 2044	Year 2044	Year 2044	Year 2044	Year 2045
1	2	3	4	1
1	4	7	10	1
384	387	390	393	396

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	\$0		\$0		\$0		\$0		\$0
	\$0		\$0		\$0		\$0		\$0

\$	-	\$	-	\$	-	\$	-	\$	-
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000	-\$55,000,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

TREASURE ISLAND

<u>Statement of Navy Compensation</u>			
<i>Treasure Island</i>			
	Year:	0	
	Quarter:	0	
	<u>Current Quarter Payment</u>	<u>Previous Payments</u>	<u>Balance of Payments</u>
Initial Payment:			
Principal:	\$0	\$0	\$55,000,000
Interest:	\$0	\$0	N/A
First Tier:	\$0	\$0	\$50,000,000
Second Tier:	\$0	\$0	N/A
Third Tier:	\$0	\$0	N/A
Total Due:	\$0	\$0	\$105,000,000

**Important note: The payment model and formulas that create the "Statement of Navy Compensation" have many complex formulas. These formulas require multiple opportunities to complete all the required calculations. Therefore, after the latest quarterly figures are entered in the "Input Cash flow" tab the user must recalculate by pressing the "F9" key. It is likely that this key will need to be pressed multiple times for all the calculations to finish. The user will know when the model is done calculating because the "F9" key will no longer produce any changes on the "Statement" tab.

TREASURE ISLAND - EDC MOA

Calculations

	1	2	3
	2012	2012	2012
	2	3	4
Initial Payment:			
Principal:	-	-	-
Interest:	-	-	-
First Tier:	-	-	-
Second Tier:	-	-	-
Third Tier:	-	-	-

Start Year: 2012

Start Year Q1 Month #: 4

Interest Rate: 5.00%

*****Note - Enter information above (in blue font) once at beginning of project, then change font color**

Start Month # for Quarter:		4	7	10
Determine Quarter		2	3	4
Latest Active Quarter:	0	0	0	0
Quarter Number		1	2	3
Current Year:	0	0	0	0
Current Quarter:	0	0	0	0

TREASURE ISLAND - E

Calculations

	4 2013 1	5 2013 2	6 2013 3	7 2013 4	8 2014 1
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-

Start Year:

Start Year Q1 Month #:

Interest Rate:

*****Note - Enter information above of cells B17, B18, and B19 to black. Once complete, erase this note**

Start Month # for Quarter:	1	4	7	10	1
Determine Quarter	1	2	3	4	1
Latest Active Quarter:	0	0	0	0	0
Quarter Number	4	5	6	7	8
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	9 2014 2	10 2014 3	11 2014 4	12 2015 1	13 2015 2
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above.					
Start Month # for Quarter:	4	7	10	1	4
Determine Quarter	2	3	4	1	2
Latest Active Quarter:	0	0	0	0	0
Quarter Number	9	10	11	12	13
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	14 2015 3	15 2015 4	16 2016 1	17 2016 2	18 2016 3
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	7	10	1	4	7
Determine Quarter	3	4	1	2	3
Latest Active Quarter:	0	0	0	0	0
Quarter Number	14	15	16	17	18
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	19 2016	20 2017	21 2017	22 2017	23 2017
	4	1	2	3	4
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	10	1	4	7	10
Determine Quarter	4	1	2	3	4
Latest Active Quarter:	0	0	0	0	0
Quarter Number	19	20	21	22	23
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	24 2018 1	25 2018 2	26 2018 3	27 2018 4	28 2019 1
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	1	4	7	10	1
Determine Quarter	1	2	3	4	1
Latest Active Quarter:	0	0	0	0	0
Quarter Number	24	25	26	27	28
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	29 2019 2	30 2019 3	31 2019 4	32 2020 1	33 2020 2
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	4	7	10	1	4
Determine Quarter	2	3	4	1	2
Latest Active Quarter:	0	0	0	0	0
Quarter Number	29	30	31	32	33
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	34 2020	35 2020	36 2021	37 2021	38 2021
	3	4	1	2	3
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	7	10	1	4	7
Determine Quarter	3	4	1	2	3
Latest Active Quarter:	0	0	0	0	0
Quarter Number	34	35	36	37	38
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	39 2021	40 2022	41 2022	42 2022	43 2022
	4	1	2	3	4
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	10	1	4	7	10
Determine Quarter	4	1	2	3	4
Latest Active Quarter:	0	0	0	0	0
Quarter Number	39	40	41	42	43
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	44 2023 1	45 2023 2	46 2023 3	47 2023 4	48 2024 1
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	1	4	7	10	1
Determine Quarter	1	2	3	4	1
Latest Active Quarter:	0	0	0	0	0
Quarter Number	44	45	46	47	48
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	49 2024 2	50 2024 3	51 2024 4	52 2025 1	53 2025 2
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	4	7	10	1	4
Determine Quarter	2	3	4	1	2
Latest Active Quarter:	0	0	0	0	0
Quarter Number	49	50	51	52	53
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	54 2025	55 2025	56 2026	57 2026	58 2026
	3	4	1	2	3
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	7	10	1	4	7
Determine Quarter	3	4	1	2	3
Latest Active Quarter:	0	0	0	0	0
Quarter Number	54	55	56	57	58
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	59 2026	60 2027	61 2027	62 2027	63 2027
	4	1	2	3	4
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	10	1	4	7	10
Determine Quarter	4	1	2	3	4
Latest Active Quarter:	0	0	0	0	0
Quarter Number	59	60	61	62	63
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	64 2028 1	65 2028 2	66 2028 3	67 2028 4	68 2029 1
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	1	4	7	10	1
Determine Quarter	1	2	3	4	1
Latest Active Quarter:	0	0	0	0	0
Quarter Number	64	65	66	67	68
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	69 2029	70 2029	71 2029	72 2030	73 2030
	2	3	4	1	2
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	4	7	10	1	4
Determine Quarter	2	3	4	1	2
Latest Active Quarter:	0	0	0	0	0
Quarter Number	69	70	71	72	73
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	74 2030 3	75 2030 4	76 2031 1	77 2031 2	78 2031 3
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	7	10	1	4	7
Determine Quarter	3	4	1	2	3
Latest Active Quarter:	0	0	0	0	0
Quarter Number	74	75	76	77	78
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	79 2031 4	80 2032 1	81 2032 2	82 2032 3	83 2032 4
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	10	1	4	7	10
Determine Quarter	4	1	2	3	4
Latest Active Quarter:	0	0	0	0	0
Quarter Number	79	80	81	82	83
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	84 2033 1	85 2033 2	86 2033 3	87 2033 4	88 2034 1
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	1	4	7	10	1
Determine Quarter	1	2	3	4	1
Latest Active Quarter:	0	0	0	0	0
Quarter Number	84	85	86	87	88
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	89 2034 2	90 2034 3	91 2034 4	92 2035 1	93 2035 2
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	4	7	10	1	4
Determine Quarter	2	3	4	1	2
Latest Active Quarter:	0	0	0	0	0
Quarter Number	89	90	91	92	93
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	94 2035	95 2035	96 2036	97 2036	98 2036
	3	4	1	2	3
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	7	10	1	4	7
Determine Quarter	3	4	1	2	3
Latest Active Quarter:	0	0	0	0	0
Quarter Number	94	95	96	97	98
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	99 2036	100 2037	101 2037	102 2037	103 2037
	4	1	2	3	4
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	10	1	4	7	10
Determine Quarter	4	1	2	3	4
Latest Active Quarter:	0	0	0	0	0
Quarter Number	99	100	101	102	103
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	104 2038 1	105 2038 2	106 2038 3	107 2038 4	108 2039 1
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	1	4	7	10	1
Determine Quarter	1	2	3	4	1
Latest Active Quarter:	0	0	0	0	0
Quarter Number	104	105	106	107	108
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	109 2039	110 2039	111 2039	112 2040	113 2040
	2	3	4	1	2
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	4	7	10	1	4
Determine Quarter	2	3	4	1	2
Latest Active Quarter:	0	0	0	0	0
Quarter Number	109	110	111	112	113
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	114 2040	115 2040	116 2041	117 2041	118 2041
	3	4	1	2	3
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	7	10	1	4	7
Determine Quarter	3	4	1	2	3
Latest Active Quarter:	0	0	0	0	0
Quarter Number	114	115	116	117	118
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	119 2041	120 2042	121 2042	122 2042	123 2042
	4	1	2	3	4
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	10	1	4	7	10
Determine Quarter	4	1	2	3	4
Latest Active Quarter:	0	0	0	0	0
Quarter Number	119	120	121	122	123
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	124 2043	125 2043	126 2043	127 2043	128 2044
	1	2	3	4	1
Initial Payment:					
Principal:	-	-	-	-	-
Interest:	-	-	-	-	-
First Tier:	-	-	-	-	-
Second Tier:	-	-	-	-	-
Third Tier:	-	-	-	-	-
Start Year:					
Start Year Q1 Month #:					
Interest Rate:					
***Note - Enter information above					
Start Month # for Quarter:	1	4	7	10	1
Determine Quarter	1	2	3	4	1
Latest Active Quarter:	0	0	0	0	0
Quarter Number	124	125	126	127	128
Current Year:	0	0	0	0	0
Current Quarter:	0	0	0	0	0

TREASURE ISLAND - E

Calculations

	129 2044	130 2044	131 2044	132 2045
	2	3	4	1
Initial Payment:				
Principal:	-	-	-	-
Interest:	-	-	-	-
First Tier:	-	-	-	-
Second Tier:	-	-	-	-
Third Tier:	-	-	-	-
Start Year:				
Start Year Q1 Month #:				
Interest Rate:				
***Note - Enter information above				
Start Month # for Quarter:	4	7	10	1
Determine Quarter	2	3	4	1
Latest Active Quarter:	0	0	0	0
Quarter Number	129	130	131	132
Current Year:	0	0	0	0
Current Quarter:	0	0	0	0

TREASURE ISLAND EDC MOA
EXHIBIT DD - PART 2 of 2
CALCULATION OF FIRST, SECOND AND THIRD TIER PAYMENTS

	Total	Year 2012	Year 2012	Year 2012	Year 2013	Year 2013	Year 2013	Year 2013	Year 2014	Year 2014	Year 2014	Year 2014	Year 2015
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PROJECT NET CASH FLOW													
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
Project-to-Date, Quarterly IRR, Before Accounting for First Tier Payment	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NET CASH FLOW (INCLUDES FIRST TIER PAYMENTS)													
Project Quarterly IRR	#REF!	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW DISTRIBUTIONS													
<u>DEVELOPER DISTRIBUTION (100% to TICD until 18.0% IRR)</u>													
Contributions by Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRST TIER PAYMENT													
Is Project in the Initial Consideration Term?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Applicable "Reporting Period" (# of Quarters)		8	8	8	8	8	8	8	8	8	8	8	8
IRR Test: Average Over Last 6 or 8 Quarters, as Applicable									0.00%	0.00%	0.00%	0.00%	0.00%
CF Distributed to Navy (up to Maximum \$50 Million)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative IRR as of the end of the Reporting Period after First Tier Payment	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>DEVELOPER DISTRIBUTION (100% to TICD until 22.5% Developer IRR)</u>													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @ 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Developer Between 18.0% and 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 22.5%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>DEVELOPER DISTRIBUTION (up to 25.0% Developer IRR)</u>													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @ 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
SECOND TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD 55.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA 10.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy 35.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 25.0%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
THIRD TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available Above 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD 50.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA 15.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy 35.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS CASH FLOW (SHOULD EQUAL ZERO)													
Excess Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO TICD	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH FLOW TO TIDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO NAVY (INCLUDING \$50M TRANCHE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MODULE FOR CALCULATING NAVY FIRST TIER PAYMENT														
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
To- Date IRR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Is Average IRR Over Required Period Greater Than 18%?			No	No	No	No	No	No	No	No	No	No	No	No
Tier 1 Navy Payments														
TICD Cash Flow After Navy Tier 1 Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TICD Cash Flow b/f Navy Payment in Period (For Hurdle Test)														
IRR After Navy Payments	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average IRR Over Required Quarters After Navy Tier 1 Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* EXCEL Filename: Exhibit DD Waterfall and IRR Formula 2-9-2012

TREASURE ISLAND EDC MOA
EXHIBIT DD - PART 2 of 2
CALCULATION OF FIRST, SECOND AND THIRD TIER PAYMENTS

		Year 2015	Year 2015	Year 2015	Year 2016	Year 2016	Year 2016	Year 2016	Year 2017	Year 2017	Year 2017	Year 2017	Year 2018
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PROJECT NET CASH FLOW													
Net Cash Flow Before Accounting for First Tier Payment													
Project-to-Date, Quarterly IRR, Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NET CASH FLOW (INCLUDES FIRST TIER PAYMENTS)													
Project Quarterly IRR	#REF!	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW DISTRIBUTIONS													
DEVELOPER DISTRIBUTION (100% to TICD until 18.0% IRR)													
Contributions by Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRST TIER PAYMENT													
Is Project in the Initial Consideration Term?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Applicable "Reporting Period" (# of Quarters)		8	8	8	8	8	8	8	8	8	8	8	8
IRR Test: Average Over Last 6 or 8 Quarters, as Applicable		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CF Distributed to Navy (up to Maximum \$50 Million)													
Cumulative IRR as of the end of the Reporting Period after First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (100% to TICD until 22.5% Developer IRR)													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	22.5%	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Developer Between 18.0% and 22.5%													
Cumulative Distribution to Developer up to 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 22.5%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (up to 25.0% Developer IRR)													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	25.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
SECOND TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	55.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	10.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 25.0%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
THIRD TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available Above 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	50.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	15.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS CASH FLOW (SHOULD EQUAL ZERO)													
Excess Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO TICD	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH FLOW TO TIDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO NAVY (INCLUDING \$50M TRANCHE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MODULE FOR CALCULATING NAVY FIRST TIER PAYMENT														
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
To- Date IRR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Is Average IRR Over Required Period Greater Than 18%?		No	No	No	No	No	No	No	No	No	No	No	No	No
Tier 1 Navy Payments														
TICD Cash Flow After Navy Tier 1 Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TICD Cash Flow b/f Navy Payment in Period (For Hurdle Test)														
IRR After Navy Payments	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average IRR Over Required Quarters After Navy Tier 1 Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* EXCEL Filename: Exhibit DD Waterfall and IRR Formula 2-9-2012

TREASURE ISLAND EDC MOA
EXHIBIT DD - PART 2 of 2
CALCULATION OF FIRST, SECOND AND THIRD TIER PAYMENTS

		Year 2018	Year 2018	Year 2018	Year 2019	Year 2019	Year 2019	Year 2019	Year 2020	Year 2020	Year 2020	Year 2020	Year 2021
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PROJECT NET CASH FLOW													
Net Cash Flow Before Accounting for First Tier Payment													
Project-to-Date, Quarterly IRR, Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NET CASH FLOW (INCLUDES FIRST TIER PAYMENTS)													
Project Quarterly IRR	#REF!	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW DISTRIBUTIONS													
<u>DEVELOPER DISTRIBUTION (100% to TICD until 18.0% IRR)</u>													
Contributions by Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRST TIER PAYMENT													
Is Project in the Initial Consideration Term?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Applicable "Reporting Period" (# of Quarters)		8	8	8	8	8	8	8	8	8	8	8	8
IRR Test: Average Over Last 6 or 8 Quarters, as Applicable		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CF Distributed to Navy (up to Maximum \$50 Million)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative IRR as of the end of the Reporting Period after First Tier Payment		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>DEVELOPER DISTRIBUTION (100% to TICD until 22.5% Developer IRR)</u>													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	22.5%	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Developer Between 18.0% and 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 22.5%		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>DEVELOPER DISTRIBUTION (up to 25.0% Developer IRR)</u>													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	25.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
SECOND TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	55.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	10.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 25.0%		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
THIRD TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available Above 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	50.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	15.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS CASH FLOW (SHOULD EQUAL ZERO)													
Excess Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO TICD	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH FLOW TO TIDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO NAVY (INCLUDING \$50M TRANCHE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MODULE FOR CALCULATING NAVY FIRST TIER PAYMENT														
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
To- Date IRR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Is Average IRR Over Required Period Greater Than 18%?		No	No	No	No	No	No	No	No	No	No	No	No	No
Tier 1 Navy Payments														
TICD Cash Flow After Navy Tier 1 Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TICD Cash Flow b/f Navy Payment in Period (For Hurdle Test)														
IRR After Navy Payments	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average IRR Over Required Quarters After Navy Tier 1 Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* EXCEL Filename: Exhibit DD Waterfall and IRR Formula 2-9-2012

TREASURE ISLAND EDC MOA
EXHIBIT DD - PART 2 of 2
CALCULATION OF FIRST, SECOND AND THIRD TIER PAYMENTS

		Year 2021	Year 2021	Year 2021	Year 2022	Year 2022	Year 2022	Year 2022	Year 2023	Year 2023	Year 2023	Year 2023	Year 2024
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PROJECT NET CASH FLOW													
Net Cash Flow Before Accounting for First Tier Payment													
Project-to-Date, Quarterly IRR, Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NET CASH FLOW (INCLUDES FIRST TIER PAYMENTS)													
Project Quarterly IRR	#REF!	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW DISTRIBUTIONS													
DEVELOPER DISTRIBUTION (100% to TICD until 18.0% IRR)													
Contributions by Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRST TIER PAYMENT													
Is Project in the Initial Consideration Term?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Applicable "Reporting Period" (# of Quarters)		8	8	8	8	8	8	8	8	8	8	8	8
IRR Test: Average Over Last 6 or 8 Quarters, as Applicable		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CF Distributed to Navy (up to Maximum \$50 Million)													
Cumulative IRR as of the end of the Reporting Period after First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (100% to TICD until 22.5% Developer IRR)													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	22.5%	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Developer Between 18.0% and 22.5%													
Cumulative Distribution to Developer up to 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 22.5%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (up to 25.0% Developer IRR)													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	25.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
SECOND TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	55.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	10.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 25.0%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
THIRD TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available Above 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	50.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	15.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS CASH FLOW (SHOULD EQUAL ZERO)													
Excess Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO TICD	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH FLOW TO TIDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO NAVY (INCLUDING \$50M TRANCHE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MODULE FOR CALCULATING NAVY FIRST TIER PAYMENT														
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
To- Date IRR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Is Average IRR Over Required Period Greater Than 18%?		No	No	No	No	No	No	No	No	No	No	No	No	No
Tier 1 Navy Payments														
TICD Cash Flow After Navy Tier 1 Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TICD Cash Flow b/f Navy Payment in Period (For Hurdle Test)														
IRR After Navy Payments	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average IRR Over Required Quarters After Navy Tier 1 Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* EXCEL Filename: Exhibit DD Waterfall and IRR Formula 2-9-2012

TREASURE ISLAND EDC MOA
EXHIBIT DD - PART 2 of 2
CALCULATION OF FIRST, SECOND AND THIRD TIER PAYMENTS

		Year 2024	Year 2024	Year 2024	Year 2025	Year 2025	Year 2025	Year 2025	Year 2026	Year 2026	Year 2026	Year 2026	Year 2027
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PROJECT NET CASH FLOW													
Net Cash Flow Before Accounting for First Tier Payment													
Project-to-Date, Quarterly IRR, Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NET CASH FLOW (INCLUDES FIRST TIER PAYMENTS)													
Project Quarterly IRR	#REF!	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW DISTRIBUTIONS													
DEVELOPER DISTRIBUTION (100% to TICD until 18.0% IRR)													
Contributions by Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRST TIER PAYMENT													
Is Project in the Initial Consideration Term?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Applicable "Reporting Period" (# of Quarters)		8	8	8	8	8	8	8	8	8	8	8	8
IRR Test: Average Over Last 6 or 8 Quarters, as Applicable		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CF Distributed to Navy (up to Maximum \$50 Million)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative IRR as of the end of the Reporting Period after First Tier Payment		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (100% to TICD until 22.5% Developer IRR)													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	22.5%	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Developer Between 18.0% and 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 22.5%		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (up to 25.0% Developer IRR)													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	25.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
SECOND TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	55.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	10.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 25.0%		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
THIRD TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available Above 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	50.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	15.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS CASH FLOW (SHOULD EQUAL ZERO)													
Excess Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO TICD	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH FLOW TO TIDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO NAVY (INCLUDING \$50M TRANCHE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MODULE FOR CALCULATING NAVY FIRST TIER PAYMENT														
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
To- Date IRR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Is Average IRR Over Required Period Greater Than 18%?		No	No	No	No	No	No	No	No	No	No	No	No	No
Tier 1 Navy Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TICD Cash Flow After Navy Tier 1 Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TICD Cash Flow b/f Navy Payment in Period (For Hurdle Test)														
IRR After Navy Payments	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average IRR Over Required Quarters After Navy Tier 1 Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* EXCEL Filename: Exhibit DD Waterfall and IRR Formula 2-9-2012

TREASURE ISLAND EDC MOA
EXHIBIT DD - PART 2 of 2
CALCULATION OF FIRST, SECOND AND THIRD TIER PAYMENTS

	Total	Year 2027	Year 2027	Year 2027	Year 2028	Year 2028	Year 2028	Year 2028	Year 2029	Year 2029	Year 2029	Year 2029	Year 2030	Year 2030	Year 2030	Year 2030
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
PROJECT NET CASH FLOW																
Net Cash Flow Before Accounting for First Tier Payment																
Project-to-Date, Quarterly IRR, Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NET CASH FLOW (INCLUDES FIRST TIER PAYMENTS)																
Project Quarterly IRR	#REF!	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW DISTRIBUTIONS																
DEVELOPER DISTRIBUTION (100% to TICD until 18.0% IRR)																
Contributions by Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRST TIER PAYMENT																
Is Project in the Initial Consideration Term?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Applicable "Reporting Period" (# of Quarters)		8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
IRR Test: Average Over Last 6 or 8 Quarters, as Applicable		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CF Distributed to Navy (up to Maximum \$50 Million)																
Cumulative IRR as of the end of the Reporting Period after First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (100% to TICD until 22.5% Developer IRR)																
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Developer Between 18.0% and 22.5%																
Cumulative Distribution to Developer up to 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 22.5%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (up to 25.0% Developer IRR)																
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SECOND TIER PAYMENT																
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	55.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	10.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 25.0%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
THIRD TIER PAYMENT																
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available Above 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	50.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	15.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS CASH FLOW (SHOULD EQUAL ZERO)																
Excess Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO TICD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH FLOW TO TIDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO NAVY (INCLUDING \$50M TRANCHE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MODULE FOR CALCULATING NAVY FIRST TIER PAYMENT																	
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
To- Date IRR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Is Average IRR Over Required Period Greater Than 18%?		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	
Tier 1 Navy Payments																	
TICD Cash Flow After Navy Tier 1 Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TICD Cash Flow b/f Navy Payment in Period (For Hurdle Test)																	
IRR After Navy Payments	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Average IRR Over Required Quarters After Navy Tier 1 Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

* EXCEL Filename: Exhibit DD Waterfall and IRR Formula 2-9-2012

TREASURE ISLAND EDC MOA
EXHIBIT DD - PART 2 of 2
CALCULATION OF FIRST, SECOND AND THIRD TIER PAYMENTS

	Total	Year 2031	Year 2031	Year 2031	Year 2031	Year 2032	Year 2032	Year 2032	Year 2032	Year 2033	Year 2033	Year 2033	Year 2033	Year 2034	Year 2034	Year 2034
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
PROJECT NET CASH FLOW																
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project-to-Date, Quarterly IRR, Before Accounting for First Tier Payment		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NET CASH FLOW (INCLUDES FIRST TIER PAYMENTS)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Quarterly IRR	#REF!															
CASH FLOW DISTRIBUTIONS																
DEVELOPER DISTRIBUTION (100% to TICD until 18.0% IRR)																
Contributions by Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRST TIER PAYMENT																
Is Project in the Initial Consideration Term?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Applicable "Reporting Period" (# of Quarters)	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
IRR Test: Average Over Last 6 or 8 Quarters, as Applicable	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CF Distributed to Navy (up to Maximum \$50 Million)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative IRR as of the end of the Reporting Period after First Tier Payment		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (100% to TICD until 22.5% Developer IRR)																
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @ 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Developer Between 18.0% and 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 22.5%		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (up to 25.0% Developer IRR)																
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @ 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SECOND TIER PAYMENT																
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD 55.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA 10.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy 35.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 25.0%		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
THIRD TIER PAYMENT																
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available Above 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD 50.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA 15.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy 35.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS CASH FLOW (SHOULD EQUAL ZERO)																
Excess Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO TICD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH FLOW TO TIDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO NAVY (INCLUDING \$50M TRANCHE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MODULE FOR CALCULATING NAVY FIRST TIER PAYMENT																	
	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
To- Date IRR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Is Average IRR Over Required Period Greater Than 18%?		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	
Tier 1 Navy Payments																	
TICD Cash Flow After Navy Tier 1 Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TICD Cash Flow b/f Navy Payment in Period (For Hurdle Test)																	
IRR After Navy Payments	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Average IRR Over Required Quarters After Navy Tier 1 Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

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EXHIBIT DD - PART 2 of 2
CALCULATION OF FIRST, SECOND AND THIRD TIER PAYMENTS

		Year 2034	Year 2035	Year 2035	Year 2035	Year 2035	Year 2036	Year 2036	Year 2036	Year 2036	Year 2037	Year 2037	Year 2037	Year 2037	Year 2038	Year 2038
	Total	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
PROJECT NET CASH FLOW																
Net Cash Flow Before Accounting for First Tier Payment																
Project-to-Date, Quarterly IRR, Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NET CASH FLOW (INCLUDES FIRST TIER PAYMENTS)																
Project Quarterly IRR	#REF!	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW DISTRIBUTIONS																
DEVELOPER DISTRIBUTION (100% to TICD until 18.0% IRR)																
Contributions by Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRST TIER PAYMENT																
Is Project in the Initial Consideration Term?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Applicable "Reporting Period" (# of Quarters)		8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
IRR Test: Average Over Last 6 or 8 Quarters, as Applicable		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CF Distributed to Navy (up to Maximum \$50 Million)																
Cumulative IRR as of the end of the Reporting Period after First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (100% to TICD until 22.5% Developer IRR)																
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Developer Between 18.0% and 22.5%																
Cumulative Distribution to Developer up to 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 22.5%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DEVELOPER DISTRIBUTION (up to 25.0% Developer IRR)																
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SECOND TIER PAYMENT																
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	55.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	10.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 25.0%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
THIRD TIER PAYMENT																
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available Above 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	50.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	15.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS CASH FLOW (SHOULD EQUAL ZERO)																
Excess Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO TICD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH FLOW TO TIDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO NAVY (INCLUDING \$50M TRANCHE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MODULE FOR CALCULATING NAVY FIRST TIER PAYMENT																	
	Total	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
To- Date IRR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Is Average IRR Over Required Period Greater Than 18%?		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	
Tier 1 Navy Payments																	
TICD Cash Flow After Navy Tier 1 Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TICD Cash Flow b/f Navy Payment in Period (For Hurdle Test)																	
IRR After Navy Payments	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Average IRR Over Required Quarters After Navy Tier 1 Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

* EXCEL Filename: Exhibit DD Waterfall and IRR Formula 2-9-2012

TREASURE ISLAND EDC MOA
EXHIBIT DD - PART 2 of 2
CALCULATION OF FIRST, SECOND AND THIRD TIER PAYMENTS

		Year 2038	Year 2038	Year 2039	Year 2039	Year 2039	Year 2039	Year 2040	Year 2040	Year 2040	Year 2040	Year 2041	Year 2041	Year 2041	Year 2041	Year 2042
	Total	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PROJECT NET CASH FLOW																
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project-to-Date, Quarterly IRR, Before Accounting for First Tier Payment	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NET CASH FLOW (INCLUDES FIRST TIER PAYMENTS)																
Project Quarterly IRR	#REF!	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW DISTRIBUTIONS																
<u>DEVELOPER DISTRIBUTION (100% to TICD until 18.0% IRR)</u>																
Contributions by Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRST TIER PAYMENT																
Is Project in the Initial Consideration Term?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Applicable "Reporting Period" (# of Quarters)		8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
IRR Test: Average Over Last 6 or 8 Quarters, as Applicable		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CF Distributed to Navy (up to Maximum \$50 Million)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative IRR as of the end of the Reporting Period after First Tier Payment	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>DEVELOPER DISTRIBUTION (100% to TICD until 22.5% Developer IRR)</u>																
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Developer Between 18.0% and 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 22.5%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>DEVELOPER DISTRIBUTION (up to 25.0% Developer IRR)</u>																
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SECOND TIER PAYMENT																
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	55.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	10.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 25.0%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
THIRD TIER PAYMENT																
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available Above 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	50.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	15.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS CASH FLOW (SHOULD EQUAL ZERO)																
Excess Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO TICD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH FLOW TO TIDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO NAVY (INCLUDING \$50M TRANCHE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MODULE FOR CALCULATING NAVY FIRST TIER PAYMENT																	
	Total	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
To- Date IRR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Is Average IRR Over Required Period Greater Than 18%?		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Tier 1 Navy Payments																	
TICD Cash Flow After Navy Tier 1 Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TICD Cash Flow b/f Navy Payment in Period (For Hurdle Test)																	
IRR After Navy Payments	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average IRR Over Required Quarters After Navy Tier 1 Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* EXCEL Filename: Exhibit DD Waterfall and IRR Formula 2-9-2012

TREASURE ISLAND EDC MOA
EXHIBIT DD - PART 2 of 2
CALCULATION OF FIRST, SECOND AND THIRD TIER PAYMENTS

	Total	Year 2042	Year 2042	Year 2042	Year 2043	Year 2043	Year 2043	Year 2043	Year 2044	Year 2044	Year 2044	Year 2044	Year 2045
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
PROJECT NET CASH FLOW													
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
Project-to-Date, Quarterly IRR, Before Accounting for First Tier Payment	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NET CASH FLOW (INCLUDES FIRST TIER PAYMENTS)													
Project Quarterly IRR	#REF!	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW DISTRIBUTIONS													
<u>DEVELOPER DISTRIBUTION (100% to TICD until 18.0% IRR)</u>													
Contributions by Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow to Developer	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRST TIER PAYMENT													
Is Project in the Initial Consideration Term?	-	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Applicable "Reporting Period" (# of Quarters)	-	8	8	8	8	8	8	8	8	8	8	8	8
IRR Test: Average Over Last 6 or 8 Quarters, as Applicable	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CF Distributed to Navy (up to Maximum \$50 Million)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative IRR as of the end of the Reporting Period after First Tier Payment	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>DEVELOPER DISTRIBUTION (100% to TICD until 22.5% Developer IRR)</u>													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	22.5%	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Developer Between 18.0% and 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 22.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 22.5%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>DEVELOPER DISTRIBUTION (up to 25.0% Developer IRR)</u>													
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Accrual @	25.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
SECOND TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	55.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	10.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Distribution to Developer up to 25.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Test of Cumulative Developer IRR up to 25.0%	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
THIRD TIER PAYMENT													
Cashflow Available Above 22.5% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Distributions Above 22.5% Developer IRR up to 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available Above 25.0% Developer IRR	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TICD	50.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to TIDA	15.0%	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Navy	35.0%	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS CASH FLOW (SHOULD EQUAL ZERO)													
Excess Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO TICD	-	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH FLOW TO TIDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW TO NAVY (INCLUDING \$50M TRANCHE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MODULE FOR CALCULATING NAVY FIRST TIER PAYMENT														
	Total	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Net Cash Flow Before Accounting for First Tier Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
To- Date IRR		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Is Average IRR Over Required Period Greater Than 18%?		No	No	No	No	No	No	No	No	No	No	No	No	No
Tier 1 Navy Payments														
TICD Cash Flow After Navy Tier 1 Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TICD Cash Flow b/f Navy Payment in Period (For Hurdle Test)														
IRR After Navy Payments	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average IRR Over Required Quarters After Navy Tier 1 Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* EXCEL Filename: Exhibit DD Waterfall and IRR Formula 2-9-2012

TREASURE ISLAND EDC MOA
Exhibit DD - PART 1 of 2
Example of IRR Calculation

IRR will be an annualized number, based on quarterly compounding, calculated on Quarterly Net Cash Flow in Excel 2007 (or subsequent versions if Excel 2007 is unavailable) consistent with the following summary:

Outputs Version:

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 5	Q6
Gross Revenues	-	-	-	25,000,000	-	30,000,000
Development Costs	(5,000,000)	(15,000,000)	(10,000,000)	(8,000,000)	(7,500,000)	(5,000,000)
Net Cash Flow	(5,000,000)	(15,000,000)	(10,000,000)	17,000,000	(7,500,000)	25,000,000
IRR	20.12%					

Formulas Version:

Col/Rows	B	C	D	E	F	G	H
2							
3		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 5	Q6
4	Gross Revenues	0	0	0	25000000	0	30000000
5	Development Costs	-5000000	-15000000	-10000000	-8000000	-7500000	-5000000
6	Net Cash Flow	=SUM(C4:C5)	=SUM(D4:D5)	=SUM(E4:E5)	=SUM(F4:F5)	=SUM(G4:G5)	=SUM(H4:H5)
7	IRR	=(1+IRR(C6:H6,0))^(4)-1					

Notes:

- Capitalized terms are as defined in the EDC MOA
- Numbers, calculations and dates are illustrative and not meant to reflect actual results
- Qtr 1 will be the quarter that the Initial Closing occurs

* EXCEL Filename: Exhibit DD Waterfall and IRR Formula 2-9-2012

FORM OF UTILITIES AGREEMENT

1. Purpose

- 1.1. The purpose of this Utilities Agreement (“Agreement”) is to describe the transitions in utility ownership and operational roles and responsibilities that will occur as surplus property at the former Naval Station Treasure Island (“NSTI”) is conveyed by the Department of the Navy (“Navy”) to the Treasure Island Development Authority (“TIDA”) in accordance with the terms and conditions of the Economic Development Conveyance Memorandum of Agreement (“EDC MOA”).
- 1.2. This Agreement is part of and additive to the terms and provisions of the EDC MOA. Nothing in this Agreement is intended to supersede, limit, alter or conflict with the terms or provisions of the EDC MOA or the Base Caretaker Cooperative Agreement dated March 1997, as amended (“Caretaker Agreement”). This Agreement shall expire or terminate simultaneously upon the expiration or termination of the EDC MOA, expiration or termination of the Caretaker Agreement, or transfer of all the Existing Utility Infrastructure (as defined in paragraph 3.2) whichever occurs earliest.

2. Parties to the Agreement

- 2.1. Navy: The Navy owns portions of the NSTI, a former military base that consists of property on two islands connected by a causeway: (1) Treasure Island comprising approximately 409 acres of level filled land and (2) approximately 90 acres of Yerba Buena Island, a natural rock outcropping in San Francisco Bay, and (3) approximately 589 acres of submerged lands surrounding both Treasure and Yerba Buena Islands. NSTI was designated for closure and disposition in 1993 by the Base Realignment and Closure Commission acting under Public Law 101-510 and its subsequent amendments.
- 2.2. TIDA: TIDA is a nonprofit public benefit corporation established to act on behalf of the City and County of San Francisco as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of NSTI. The Department of Defense subsequently designated the City and County of San Francisco (“City”), and later TIDA, as the Local Reuse Authority responsible for the conversion of NSTI under the federal disposition process. TIDA assumed the caretaker responsibilities for the utility systems on NSTI in 1997 under the terms of the Caretaker Agreement.

3. Background

- 3.1. During the military operation of the NSTI, the Navy operated electric, natural gas, sanitary sewer, sewage treatment, potable water and storm water systems on Treasure Island and Yerba Buena Island.

- 3.2. Under the Caretaker Agreement, TIDA has served as the Caretaker for the Navy's utility infrastructure ("Existing Utility Infrastructure") since 1997. In accordance with the Caretaker Agreement, TIDA is responsible for the operation and maintenance of utilities, roads, and facilities, including compliance with environmental permits covering the wastewater, storm water, and drinking water systems. The Navy provided funding to the Caretaker during the first 3 years of the Caretaker Agreement to supplement the operational costs while the leasing program was developed. The Caretaker Agreement has been modified at least annually with the no cost extensions starting in 2002.
- 3.3. TIDA has provided utility services to residents and businesses located on NSTI. These residents and businesses are sub-lessees under master leases from the Navy to TIDA. TIDA has also provided utility services to Federal property holders Job Corps on Treasure Island and the United States Coast Guard on Yerba Buena Island.
- 3.4. Within property owned by the Navy, TIDA shall continue to serve as the Caretaker in accordance with the terms and conditions of the Caretaker Agreement as it may be amended from time to time so long as the Caretaker Agreement is in effect.
- 3.5. NSTI included two federal properties under the jurisdiction of the Job Corps and the United States Coast Guard which are not intended to be transferred to TIDA. TIDA shall provide utility service to these Federal properties consistent with the terms and conditions of the Caretaker Agreement as long as it remains in effect or until the applicable responsibility under the Caretaker Agreement is assumed by a utility provider(s).
- 3.6. Subject to all applicable requirements of the EDC MOA, the Caretaker Agreement, and the Utilities Agreement, TIDA shall, at its sole discretion, determine whether and how to provide utility services within property transferred to TIDA.

4. Property Ownership and Transfers

- 4.1. Pursuant to the EDC MOA, certain lands comprising the former NSTI are to be transferred in multiple phases by the Navy to TIDA. TIDA intends to further subdivide these lands and transfer certain portions of them to its master developer for the redevelopment of NSTI.

5. Utility Ownership

- 5.1. With the exception of certain Key Infrastructure described in section 9.5 of the EDC MOA, ownership of Existing Utility Infrastructure within property conveyed to TIDA by the Navy will be transferred with the property.
- 5.2. Except as set forth in Paragraph 6.1 through 6.3 and Section 8, the provisions of this Agreement will terminate for all Existing Utility Infrastructure transferred to

TIDA.

- 5.3. The provisions of this Agreement will terminate for any utility infrastructure dedicated to and accepted by a utility provider.

6. Damage to Utility Lines.

- 6.1. If TIDA or its agents, in connection with its redevelopment activities or otherwise, damage any utility infrastructure that is used or relied upon by the Federal Government, TIDA shall promptly repair any such damage at its sole cost. If the Government or its agents, in connection with remediation or other activities, damage any utility infrastructure that is used or relied upon by TIDA, the Government shall promptly repair any such damage at its sole cost.
- 6.2. In the event that it becomes necessary for either Party to relocate an existing utility due to development or remediation activities or for other purposes, the Party causing the relocation shall be responsible for the cost of the relocation, and there shall be no material interruption or decrease in service to the other Party (other than temporary interruptions consistent with infrastructure repair and replacement projects) as a result of such work.
- 6.3. Neither Party shall have the right to remove or modify any utility infrastructure that is needed to provide utility service to the other Party without replacing the infrastructure as needed to prevent interruptions in service or obtaining the prior written consent of the other Party.

7. Environmental Issues

- 7.1. The Parties' agreement as to environmental investigations, remediation, and related responsibilities and liabilities is set forth in the EDC MOA. Nothing in this Agreement shall invalidate or conflict with such provisions of the EDC MOA, which are incorporated herein by this reference. The provisions in this Section 7 supplement the requirements of the EDC MOA.
- 7.2. All excavations in Navy owned property, as required by TIDA to perform the utility responsibilities of this Agreement and the Caretaker Agreement, shall be permitted by the Navy subject to appropriate controls and requirements.
- 7.3. When issuing an excavation permit, the Navy shall indicate whether the site requires radiological screening before or during the course of excavation, the institutional controls applicable to excavation (if any), and other environmental information for the proposed excavation site. Any disposal of soil is the responsibility of the excavating party, including classification and appropriate disposal; provided, if radiological screening indicates the presence of radiological contamination, TIDA shall immediately inform the Navy and the Navy shall take appropriate actions to address any radiological contamination allowing TIDA to complete the permitted work.

- 7.4. If an emergency excavation is required in a radiologically controlled area, the excavation shall be coordinated with the Navy.
- 7.5. Where screening or disposal of materials is required in areas that are not radiologically controlled, the cost of screening, disposal and other controls shall be the responsibility of the excavator subject to the Navy's CERCLA obligations under the EDC MOA.

8. Permits and Regulatory Compliance

- 8.1. Subject to the requirements of the Caretaker Agreement, the owner of the utility infrastructure has the obligation to ensure compliance with all applicable environmental laws and regulations, including obtaining coverage under and complying with necessary operating permits as described below.
- 8.2. TIDA shall acquire new permits, as may be necessary, for any utility infrastructure transferred to TIDA by the Navy under the provisions of Section 5. The transfer of utility operating permits, if required, shall be subject to regulatory approval.
- 8.3. Should either Party become aware of a discharge or potential discharge of pollutants from utility infrastructure owned by either Party that has potential to cause or contribute to a violation of any operating permit (hereinafter "Discharge"), that Party shall promptly inform the other Party. The Parties shall provide timely notification to each other upon receipt of information related to any such Discharge, including any monitoring reports and correspondence with any regulatory agency with jurisdiction to enforce the operating permits.
 - 8.3.1. For utilities owned by TIDA, TIDA shall be responsible, at no cost to the Navy (subject to subsections 8.3.3 and 8.3.4), for all of the following: investigating any Discharge; reporting and responding to regulators as required by any operating permit; identifying the source of the pollutants; containing or otherwise controlling the pollutants; identifying and implementing appropriate cleanup or other control measures; generating information about the Discharge required by any regulatory agency; and paying any penalties or charges assessed by a regulatory agency (collectively, the "Response Actions").
 - 8.3.2. For utilities owned by the Navy, TIDA shall be responsible, at no cost to the Navy (subject to subsections 8.3.3 and 8.3.4) for the Response Actions under the Cooperative Agreement, so long as it remains in effect.
 - 8.3.3. Nothing in the above shall be construed to transfer to TIDA any Navy obligations or responsibilities under CERCLA or the Navy's remediation obligations as set forth in the EDC MOA.
 - 8.3.4. TIDA shall perform the Response Actions to regulatory closure subject to the following:

8.3.4.1. If in performing the Response Actions TIDA traces the origin of and responsibility for the Discharge to a current activity on NSTI or an activity that arose after the date of lease of the applicable property from the Navy to TIDA, or otherwise relates to an existing occupant or resident at NSTI other than the Navy, the Government or their agents, TIDA will continue to perform the Response Actions to regulatory closure but will seek recovery against the responsible party and otherwise take action against that party in accordance with applicable law.

8.3.4.2. If in performing the Response Actions TIDA traces the responsibility for the Discharge to the Navy, the Government or their agents, or to a contaminant that the Navy is responsible for remediating under CERCLA, then TIDA shall notify the Navy of such fact together with supporting information. Upon determination that the Navy, the Government or its agents is responsible for the Discharge, the Navy shall, at no cost to TIDA, assume responsibility for all further required Response Actions to obtain regulatory closure, subsequent to the time of TIDA's notification.

8.3.4.3. In the event of a dispute regarding the Navy's responsibility for a Discharge, either Party may invoke the dispute resolution procedures in Article 27 of the EDC MOA.

8.4. Wastewater Treatment Plant:

8.4.1. The Navy currently owns the Treasure Island Wastewater Treatment Plant (WWTP), the operation of which is permitted by RWQCB NPDES Permit No. CA0110116, which incorporates Permit Nos. R2-2011-0012 and R2-2007-0077; and BAAQMD Permit to Operate Air Emissions Sources for Plant # 479.

8.4.2. The Navy shall remain the permittee of the WWTP until the WWTP is conveyed in accordance with the terms of the EDC MOA or until December 31, 2020 whichever is earlier.

8.4.3. RWQCB NPDES Permit No. CA0110116 shall be transferred from the Navy to TIDA consistent with the procedures required by 40 C.F.R. § 122.61. Accordingly, the Parties must notify the RWQCB at least 90 days in advance of the transfer, and the notice must include a specific date for transfer of permit responsibility, coverage, and liability.

8.4.4. No later than 90 days before the transfer, the Parties shall also notify the Bay Area Air Quality Management District of the change in ownership of

the WWTP and complete, as necessary, a Facility Information Update form.

- 8.4.5. TIDA shall be responsible for permitting any new Waste Water Treatment Plant, when constructed, unless the permit is established by a utility provider.

8.5. Wastewater Collection System:

- 8.5.1. The Navy currently owns the entire wastewater collection system serving NSTI and has obtained coverage for it under the SWRCB Statewide Waste Discharge Requirements for Wastewater Collection Agencies, Order No. 2006-0003-DWQ (Waste Discharger Identification No. 2SSO10207) (SSS WDR) as part of the NPDES permit.
- 8.5.2. Subject to the provisions of Section 8.3 and the Caretaker Agreement, the owner of any sanitary sewer collection infrastructure shall be responsible for permitting and compliance of the infrastructure under the SSS WDR.
- 8.5.3. Coverage under the SSS WDR is not transferable except after written notice to the SWQCB, submitted at least 90 days in advance of any proposed transfer. The notice must include a written agreement between the existing and new permittee containing a specific date for the transfer of permit responsibility and coverage between the existing permittee and the new permittee.
- 8.5.4. TIDA will establish a new permit under the SSS WDR for portions of the sanitary sewer collection system transferred to TIDA. No later than 90 days in advance of the first transfer of property from the Navy to TIDA, TIDA shall file a notice of intent (NOI) for coverage under the SSS WDR for the utility infrastructure to be transferred. No later than 90 days in advance of subsequent future transfers, the Parties will jointly submit updated maps to the SWRCB showing the infrastructure owned by the Parties respectively.
- 8.5.5. Subject to the Caretaker Agreement, the owner of any sanitary sewer collection infrastructure shall also be responsible for any discharge of waste to waters of the United States in violation of the Clean Water Act, 33 U.S.C. § 1311(a).

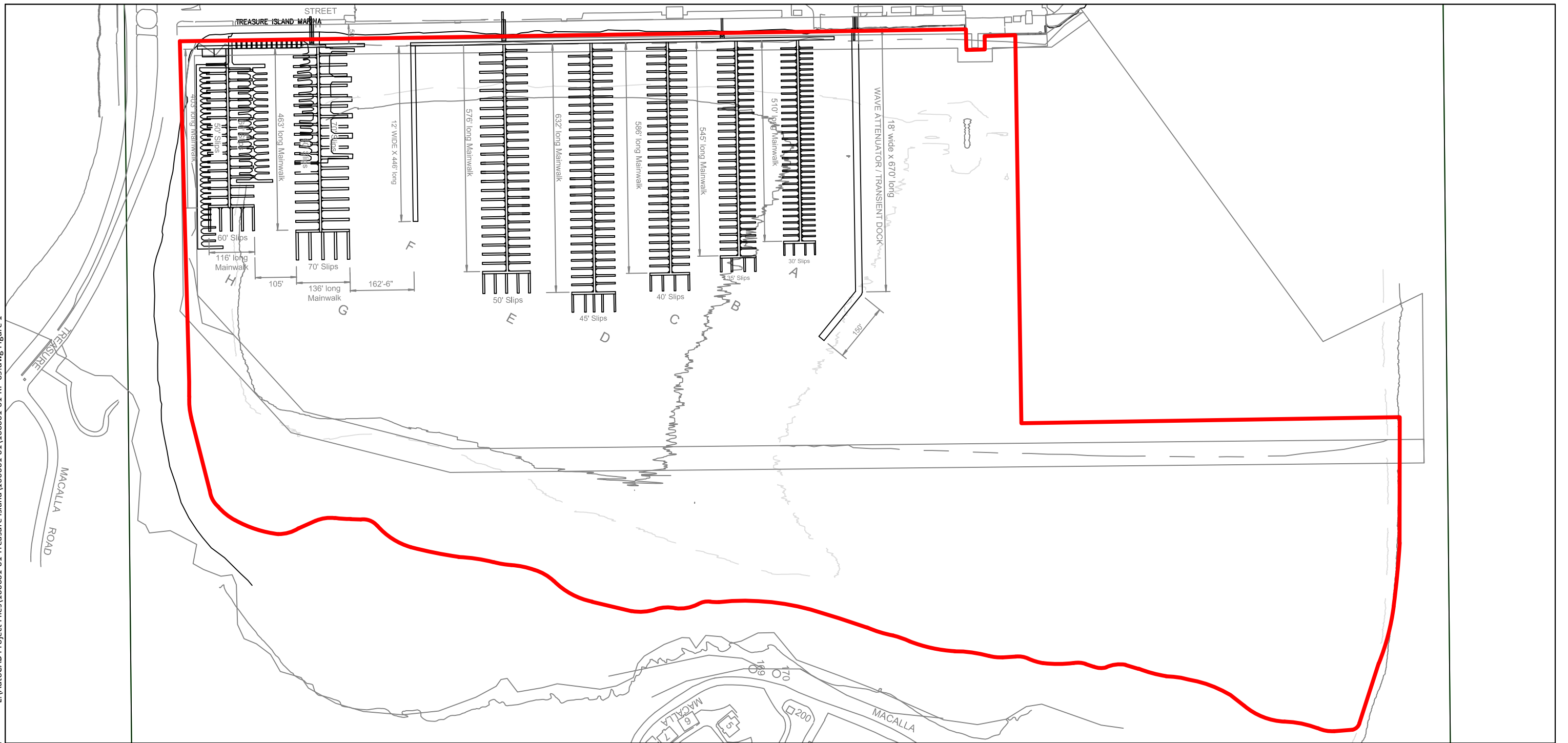
8.6. Storm Water Collection System:

- 8.6.1. The Navy currently owns the entire storm water collection system serving NSTI and has obtained coverage under the SWQCB General NPDES Permit for Discharges of Storm Water Associated with Industrial Activities, Excluding Construction Activities, No. CAS000001 (WDID No. 238S012140) (IGP).

- 8.6.2. Subject to the Caretaker Agreement and the provisions of Section 8.3, the owner of any storm water collection infrastructure shall be responsible for its permitting and compliance.
- 8.6.3. Notwithstanding the responsibilities established in 8.6.2, storm water collection infrastructure owned and separately permitted by the Parties may be interconnected and discharge through a single outfall. Wherever the Parties infrastructure is interconnected and storm water flows are combined, the Parties shall coordinate operations and permit compliance to ensure mutual compliance under their respective permits.
- 8.6.4. No later than 90 days in advance of the first transfer of property including stormwater infrastructure from the Navy to TIDA, TIDA shall contact the RWQCB to obtain coverage under the appropriate permit for discharges of stormwater from TIDA-owned stormwater infrastructure.
- 8.7. Potable Water Supply Distribution System:
- 8.7.1. The Navy currently owns the water distribution system serving NSTI beginning at the point of supply to the storage reservoirs and has obtained coverage under State of Calif. – Health and Welfare Agency, Water Supply Permit No. 02-04-96P-3810702.
- 8.7.2. Subject to the provisions of Caretaker Agreement, the owner of any potable water distribution infrastructure shall be responsible for its permitting and compliance.
- 8.7.3. Notwithstanding the responsibilities established in 8.7.2, the water distribution infrastructure owned and separately permitted by the Parties will be interconnected and compliance with permit requirements, particularly water quality requirements, will depend upon the operation and maintenance of both Parties’ infrastructure, and the Parties shall coordinate operations and permit compliance to ensure mutual compliance under their respective permits.
- 8.7.4. Key Infrastructure retained by the Navy contains major components of the water distribution system. These components will be upgraded by TIDA and its agents during Phase 1 of the development process. TIDA and its agents will dedicate these components of the potable water distribution system at the earliest opportunity.
- 8.7.5. No later than 180 days in advance of the Initial Closing, as defined in the EDC MOA, TIDA shall contact the California Department of Public Health to obtain a permit for the non-Navy owned portions of the water supply distribution system.

L:\AutoCAD Project Files\100661-01 Treasure Island\100661-01-RP-09.dwg Figure 1

Feb 06, 2012 3:04pm mpratschner



SOURCE: ESRI Basemap.
HORIZONTAL DATUM: California State Plane, Zone 3, NAD83.
VERTICAL DATUM: Mean Lower Low Water (MLLW).

LEGEND:



Boundary of Marina Area



Proposed Marina

Total Marina Area

3,589,949.04 Sq. Ft
82.41 Acres



GUIDELINES FOR RESIDENTIAL AUCTION LOT SELECTION

1. As stated in Section 5.5.3, “The distribution and selection of the Residential Auction Lots shall be based on a principle of nondiscrimination. The selected Residential Auction Lots shall be generally representative of the average advantages and disadvantages of the Market Rate Lots to be developed in that Major Phase. Factors to be considered in such selection include, but are not limited to, parcel size, views, proximity to parks, proximity to the transit center, proximity to the Job Corps site, proximity to the Bay Bridge, proximity to the retail core and exposure to wind.”
2. The Navy, Authority, and Developer recognize that the factors to be considered are qualitative in nature and that each lot has both advantages and disadvantages relative to other lots. The Parties acknowledge that the Auction Lots cannot be “average” in each and every single qualitative respect, but that each lot will be average when considering the totality of all of the factors.
3. The Parties acknowledge that each product type (as defined below) has its own inherent characteristics and that the combination of factors that combine to create an “average” lot must be considered within the context of each product type. For example, the views of a townhome lot will be compared against the views of other townhome lots, not against the views offered by a high-rise lot.
 - a. For purposes of this exhibit, the product types will be grouped into the following categories:
 - i. Townhome
 - ii. Low-Rise (Less than 70’ in height)
 - iii. Mid-Rise (Between 70’ and 125’ in height)
 - iv. Towers (Greater than 125’ in height)
4. The Parties acknowledge that while the goal is to distribute the auction of 20% of all market-rate units evenly among product types and Major Phases, it is not possible to achieve an exact 20% in any single Major Phase or for a given product type given the relatively small number of lots in each Major Phase and the relatively small number of Market Rate Lots slated for certain product types. The parties also acknowledge that an auction lot that is acquired by the Developer following an unsuccessful auction as described in Section 5.5 may not be used as a comparable sale in the Appraisal Process, unless agreed to by the Parties.

5. The Parties agree to the following:

- a. The share of market-rate units to be auctioned in any single Major Phase may range from 10%-30% of the market-rate units in that Major Phase, so long as
 - i. the first Major Phase contains Residential Auction Lots that total at least 15% of the market-rate units in the first Major Phase
 - ii. the cumulative total of market-rate units identified for auction across all approved Major Phases is at least 15%, and
 - iii. the Developer demonstrates that the 20% market-rate unit auction threshold can reasonably be achieved by the end of the Project.

- b. Each Major Phase will contain at least one (1) Residential Auction Lot of each product type programmed in that Major Phase, so long as at least three (3) Market Rate Lots of that product type are programmed within that Major Phase. Should a Major Phase contain fewer than three (3) Market Rate Lots of a certain product type, no auction is required for that product type within the Major Phase if the following conditions have been met:
 - i. That product type has been subject to a lot auction in a previous Major Phase; and
 - ii. The total share of auction units identified within the current Major Phase is within the guidelines established for Major Phase auction site selection in 5.a above.

DEPARTMENT OF DEFENSE

Department of the Navy

Record of Decision for the Disposal and Reuse of Naval Station Treasure Island,
California

AGENCY: Department of the Navy, DoD

ACTION: Notice of Record of Decision

SUMMARY: The Department of the Navy (DoN) pursuant to section 102(2) (c) of the National Environmental Policy Act (NEPA) of 1969, 42 United States Code (U.S.C.) Section 4332 (2) (c), and the regulations of the Council on Environmental Quality that implement NEPA procedures, 40 Code of Federal Regulations (CFR) parts 1500-1508, announces its decision to dispose of Naval Station Treasure Island (NSTI), which includes both Treasure Island and Yerba Buena Island. NSTI is located midway between the shores of the cities of San Francisco and Oakland. The disposal of NSTI will be accomplished in a manner that will allow the Treasure Island Development Authority (TIDA), the redevelopment authority established by the State of California and recognized by DOD, to reuse the property as set out in Alternative 1, described in the Final Environmental Impact Statement (FEIS) as the preferred alternative. The decision by DoN to dispose of the property in a manner that allows TIDA to reuse the property as described in the preferred alternative does not make the DoN responsible for any obligation or commitment, fiscal or other, made by TIDA to the State of California or to third parties. Obligations or commitments made by TIDA in the course of developing its redevelopment plan, or in obtaining approval of the redevelopment plan from the United States Department of Housing and Urban Development (HUD), remain the responsibility of TIDA.

FOR FURTHER INFORMATION CONTACT: Mr. Patrick McCay, telephone (619) 532-0906; e-mail patrick.mccay@navy.mil or write to: Director, BRAC PMO West, ATTN: Mr. Patrick McCay, 1455 Frazee Road, Suite 900, San Diego, California 92108.

SUPPLEMENTAL INFORMATION: The 1993 Defense Base Realignment and Closure Commission (BRAC '93 Commission) recommended the closure of NSTI. President Clinton approved this recommendation and the 103rd Congress accepted it on September 27, 1993. NSTI closed on September 30, 1997, and DoN is in the process of disposing of the property to meet the requirements of the Defense Base Closure Realignment Act (DBCRA) of 1990 to reduce and realign United States military operations and enable productive reuse of this surplus federal property.

On July 11th, 1994, the majority of land and facilities at this installation were declared surplus to the needs of the federal government. State and local governments, representatives of the homeless, and other interested parties located in the communities in the vicinity of the installation were eligible for use of the property. The Base Closure Community Redevelopment and Homeless Assistance (BCCRAHA) Act of 1994 (Pub.L. 103-421) amends DBCRA of 1990, exempting base closure property from the McKinney Act and establishing a process that requires a balancing of homeless assistance needs with the need of the communities in the vicinity of the installation for economic redevelopment and other development. Representatives of the homeless submit notices of interest for the installations to the redevelopment authority. The definition of redevelopment authority (generally referred to as a local redevelopment authority or LRA) is found in Section 2910 of the amended DBCRA of 1990 (Pub.L. 101-510). Redevelopment authority means “any entity (including an entity established by State or local government) recognized by the Secretary of Defense as the entity responsible for developing the redevelopment plan with respect to the installation or for directing the implementation of such plan.” In 1997, California State Legislation created a special LRA for NSTI, transferring the LRA status from San Francisco, to TIDA. In March of 1998, DOD’s Office of Economic Adjustment recognized TIDA as the implementing LRA for NSTI. For the purposes of this Record of Decision, DoN will refer to TIDA as the LRA for NSTI.

Notices submitted to the LRA contain detailed information regarding the assistance program that the representative of the homeless proposes to carry out at the installation. The LRA, not the federal government, may address those notices of interest regarding needs either on or off base, and is responsible for screening to meet the needs of the homeless. Additionally, the BCCRAHA Act of 1994 requires that an LRA prepare a redevelopment plan for a closing installation that considers the expressed needs of the homeless, and that this plan be approved by HUD. Obligations or commitments made by TIDA in the course of developing its redevelopment plan, or in obtaining approval of the redevelopment plan from HUD, remain the responsibility of TIDA.

Before disposal of any real property, DoN must analyze the environmental effects of the disposal action. As required by DBCRA, DoN has treated the 1996 Draft Reuse Plan as part of the proposed federal action for the installation.

The City and County of San Francisco prepared an Environmental Impact Report (EIR) for the transfer and reuse of NSTI. The proposed action and alternatives were essentially identical to that of DoN's EIS. The EIR was recently certified in May 2005.

Master development plans for TIDA have continued to evolve since July 2002, as reflected in the preparation of initial studies, master development submittals and public workshops. The development plans do not show substantial changes to the overall proposed land use assumptions. The City and County of San Francisco will prepare a second EIR, specific to the proposed development, once the development plans have become sufficiently detailed.

ALTERNATIVES CONSIDERED: A screening process, based upon criteria set out in the Draft EIS, was conducted to identify a reasonable range of alternatives that would satisfy DoN's purpose and need regarding property disposal.

Alternative 1, the Preferred Alternative, reflects disposal of the property in the context of the redevelopment scenario described in the 1996 Draft Reuse Plan developed by the LRA. Alternative 1 features a post-disposal reuse of publicly oriented development (155 acres), open space and recreation (118 acres), institutional and community uses (40 acres), and residential development (137 acres) at full build out. This scenario represents the most intensive redevelopment scenario proposed in the FEIS.

Actual redevelopment by an entity would likely reflect this intensity, but may not reflect the specific conceptual construction types provided in the 1996 Draft Reuse Plan.

Alternative 2 presents less intensive post-disposal reuse than Alternative 1, but has similar land uses and development concepts. Alternative 2 was developed during the scoping process, including the recommendations of an advisory panel convened by the Urban Land Institute. Under this scenario, no new housing would be built at NSTI, and the existing housing would be reused initially (21 acres).

Alternative 3 represents a scenario where little new post-disposal development would occur and existing facilities would be used. No new housing units would be constructed.

The No Action alternative represents a scenario that maintains the status quo with DoN retaining ownership of NSTI. Those structures subject to an existing lease would continue to be leased until such lease expires or is terminated. Those structures not subject to an existing lease would be maintained in a caretaker status. No demolition or construction would occur, except as allowed by existing lease authorization. Approximately 50 persons would be assigned to perform caretaker activities. The No Action Alternative would have no significant impacts; therefore, it is the environmentally preferred alternative.

ENVIRONMENTAL IMPACTS: DoN analyzed the direct, indirect, and cumulative impacts of the disposal action on the environment. Potentially significant impacts associated with Alternative 1, the alternative selected in this Record of Decision, are summarized below.

Land Use/Zoning. The anticipated land use zone classifications required for redevelopment as illustrated in Alternative 1 (i.e., Public, Residential, Mixed Use) would be inconsistent with the existing City and County of San Francisco General Plan designation and zoning classification. The General Plan land use designation for NSTI is Military. Amendments to the General Plan, using the public process established by the State of California for such amendments, would be required before redevelopment could occur.

Subsequent to the Naval Appropriations Act of 1942 (Pub. L. 441) in which Congress appropriated funds for the acquisition of Treasure Island, the government pursued the condemnation process for the property now known as NSTI in the United States District Court of San Francisco. The declaration of taking was filed on April 17, 1942. The parties reached a joint settlement of the condemnation case on April 3, 1944. As compensation for the taking, the Government completed construction of \$10 million of permanent improvements at San Francisco Airport. Chapter 3 of the California Statutes of 1942 authorized the transfer of Treasure Island to the government including all tide and submerged lands and further stated that the transfer “shall be free and clear of all conditions and reservations respecting the title to or use of said lands...” The State made no provisions for the reservation of a tideland trust or public trust easement over tidelands or submerged land nor was there any reversion rights contained in the statute. Therefore, the DoN’s position is that the United States acquired full fee simple absolute title to all the property, including the tidelands and submerged lands, and that the property would not be subject to the public trust upon disposal by DoN. The State of California, however, considers all former and existing tide and submerged lands on Treasure Island to be subject to the public trust in the event of a transfer of the property from DoN.

The Treasure Island Conversion Act of 1997 (1997 Cal. Stat. 898, AB 699), granted TIDA the power to administer and control property at NSTI, identified by the State of California as land that will be subject to the public trust upon its release from federal ownership. Under the 1997 Act, existing buildings and structures located on public trust lands which are incapable of being devoted to trust purposes may be used for other purposes, consistent with the reuse plan, for their remaining useful life. If the trust were deemed to apply, this would not be expected to have a substantial effect on future land use patterns on NSTI.

Similarly, the Treasure Island Public Trust Exchange Act (2004 Cal. Stat. 543, SB 1873), authorized an exchange of public trust lands whereby certain trust lands on NSTI would be freed from the public trust in exchange for encumbering other lands on Yerba Buena Island that are not now public trust lands. The Act specifically approved an exchange resulting in the configuration of trust lands substantially similar to that depicted

on the diagram in Section 12 of the Act. If the trust were deemed to apply, such an exchange would not be expected to have a substantial effect on future NSTI land use patterns.

Traffic. The proposed action would result in peak-hour traffic volumes on the San Francisco – Oakland Bay Bridge (SFOBB)/Interstate-80 Yerba Buena Island westbound on-ramp, on the west side of Yerba Buena Island, that would exceed the current ramp capacity of 330 vehicles per hour (vph). The projected demand would result in a queue ranging from 7 vehicles (during the AM peak hour) to 239 vehicles (during the weekend midday peak hour). This queue would constrain vehicular circulation on the island.

Alternative 1 would result in a substantial increase in traffic volumes on the eastbound off-ramp on the west side of Yerba Buena Island that would exceed the practical capacity of the off-ramp (500 vph), resulting in a maximum queue of 36 vehicles, or about 700 feet (219 meters) of the SFOBB.

Alternative 1 would result in substantial increases in traffic volumes during the weekend midday peak hour on the eastbound on-ramp on the east side of Yerba Buena Island. While the increased volumes would be accommodated by the upgrade of this ramp as part of the California Department of Transportation's (Caltrans) SFOBB East Span project, it may create a secondary impact of potential traffic delays on the SFOBB.

Under Alternative 1, increased traffic onto and off of the SFOBB during the AM peak period (6:30 to 9:30) and PM peak period (3:30 to 6:30) would cause westbound traffic on segments of the SFOBB to deteriorate from Level of Service (LOS) D to LOS F during the last hour of the AM peak period (8:30 to 9:30) and to deteriorate from LOS B to LOS E or LOS F during the first hour of the PM peak period (3:30) to 4:30). LOS designations are a qualitative description of a facility's performance, based on travel speeds, delays, and density (number of cars per unit of lane). The designation for a facility ranges from LOS A, representing free-flow conditions, to LOS F, representing severe traffic congestion.

Due to a lack of direct bus service between NSTI and the East Bay, bus patrons would have to travel to San Francisco using existing routes, transferring at the Transbay Terminal to another transit service to the East Bay, or to drive, which would add to the

vehicular demand and congestion at the Yerba Buena Island ramps. Approximately 4,290 weekday daily and 4,000 weekend daily bus transit patrons are estimated between NSTI and the East Bay.

Natural Resources. Significant impacts to mudflat habitat, including eelgrass beds, may occur as a result of increased pedestrian and boating activity around Clipper Cove. The enlarged marina would add approximately 200 new boat slips and 100 new tie-up buoys to the existing 100 slips and would quadruple boat traffic in Clipper Cove. This would increase the potential for mudflat habitat disturbance, especially during low tides when recreational boating traffic could erode nearshore sediments, which could directly affect invertebrate prey species in shallow water.

Increased pedestrian and boating activity around Clipper Cove could have a significant impact on shore and water birds by affecting mudflats and eelgrass beds where shorebirds forage. An increase in pedestrian activities from new residents or visitors could result in more people exploring the mudflats during low tide, disturbing avian species and sensitive habitat zones. In addition, the quadrupled boat traffic could erode nearshore sediment during low tide, affecting invertebrate and fish populations, resulting in a decrease of food sources for migratory birds, and decrease in foraging success.

Increased boat and pedestrian activity around Clipper Cove could have a significant impact on Essential Fish Habitat by degrading eelgrass vegetated areas and shallow water in the same manner that mudflat habitat could be impacted. These areas provide important fish spawning, rearing, and foraging habitat.

Public Safety. Significant impacts could occur in the form of damage to structures and infrastructure on Treasure Island due to liquefaction induced ground failure in the event of a major earthquake. Low-lying areas of Yerba Buena underlain by heterogeneous artificial fill are also potentially subject to liquefaction, lateral spreading, and differential settlement hazards.

The installation of residential development in low lying areas would result in net increased exposure of approximately 3,000 residents, 13,799 daily visitors, and property to both ponding and flooding hazards due to seepage or overtopping of the dike. While

nearby bodies of surface water will probably not be significantly impacted, the exposure to these types of hazards is potentially significant.

Hazardous Waste. Construction activities at NSTI associated with future development of the housing unit area, including demolition of existing structures, may interfere with remedial actions under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

CERCLA REMEDIATION ACTIONS: The following measures have been developed to mitigate potentially significant impacts to remedial actions under the CERCLA program. DoN is in the process of implementing various remedial actions at NSTI pursuant to and in accordance with the requirements of CERCLA and the National Oil and Hazardous Substances Pollution Contingency Plan that will remove, manage, or isolate any potentially hazardous substances present on the property prior to conveyance. These remedial actions will ensure that human health and the environment will be protected based on the land use redevelopment scenario illustrated in the 1996 Draft Reuse Plan. If the CERCLA remedy for a particular site includes land use controls, the acquiring entity or entities will be required to comply with the land use controls during construction and/or operations to ensure continued protection of human health and the environment. Subsequent redevelopment of the existing housing area that would involve demolition of existing structures and the grading and reconfiguring of the soil would likely be subject to land use controls on the property. These may include compliance with a City-administered soil management plan that would require permits for soil and groundwater disturbance, subject to proper characterization and management. In addition, deeds conveying the affected property will contain a notice that areas of the property not subject to remediation efforts, such as areas beneath existing foundations, may require additional characterization and possible response actions, subject to appropriate regulatory oversight. Adherence to land use controls and regulatory requirements would mitigate potentially significant impacts to an acceptable level.

MITIGATION: As a result of the identification of a number of potentially significant impacts associated with Alternative 1, DoN has identified measures that can assist the

new property owner(s) in mitigating reuse impacts. As DoN cannot exercise control over the property once title has been transferred, DoN cannot be responsible for implementation of mitigation identified in the FEIS. The following mitigation measures have been identified for possible implementation by the entity (or entities) acquiring the property:

To achieve consistency between the selected reuse Alternative 1 and city policies, it will be necessary to amend the San Francisco General Plan to include land use designations consistent with the 1996 Draft Reuse Plan for Treasure Island and Yerba Buena Island, prior to approving land use actions.

SFOBB/Interstate-80 Yerba Buena Island on-ramps are substandard by current Caltrans standards; primarily in acceleration/deceleration lengths, ramp radii, and sight distances. Upgrading the on-ramps would increase ramp capacity and level of operation and decrease queuing impacts. However, upgrades to the on-ramps may be constrained by the geology of the site (elevation change and bedrock), and structural limitations due to the viaduct. Additional measures would include signage and notices to residents to encourage residents and visitors to use the second westbound on-ramp east of the Yerba Buena Island tunnel. Similarly, redirecting traffic during the weekend midday peak hour to the second on-ramp east of the Yerba Buena Island tunnel would reduce the queue at the first westbound on-ramp. Further measures include implementation of a Transportation Demand Management (TDM) program to further reduce traffic generation during peak hours, especially during the weekend. Implementation of additional or enhanced TDM measures include discounted ferry passes, flex-time, public relations campaigns, and giving employees working on Treasure Island or Yerba Buena Island preferential access to housing on NSTI. Such measures would encourage ferry use and encourage vehicle trips during the non-peak period, to reduce queues on both westbound on-ramps to tolerable levels. Additional measures include monitoring NSTI ramp traffic volumes to ensure that the transportation goals and objectives established by the 1996 Draft Reuse Plan are successfully implemented; monitoring NSTI bus transit demand on an annual basis (or at each phase of development) and ensuring that planned bus services are implemented to meet or exceed demand; implementing a similar monitoring program for ferry demand; restriping the portion of Treasure Island Road between the Main Gate

and the westbound on-ramp on the west side of the Yerba Buena Island tunnel from two lanes to accommodate three traffic lanes; and, using traffic control measures, such as signage, to encourage eastbound motorists to use the second Yerba Buena Island off-ramp (the off-ramp on the east side of Yerba Buena Island). Implementation of TDM and monitoring measures discussed above would help reduce traffic volumes on this off-ramp.

In order to improve traffic volumes during the weekend midday peak hour on the eastbound on-ramp on the east wide of Yerba Buena Island, Caltrans should consider the installation of a ramp metering device if the added traffic onto this on-ramp would cause significant traffic delay on the SFOBB mainline. The mainline includes the main lanes of a freeway as opposed to an off ramp or exit lane. A ramp metering device would restrict/govern the number of vehicles accessing the SFOBB for the benefit of maintaining free flow conditions on the SFOBB.

To alleviate increased traffic onto and off of the SFOBB during peak AM conditions, causing westbound traffic segments to deteriorate, traffic volumes should be monitored at each phase of development. If it is determined that traffic from NSTI is constraining the capacity of the SFOBB, either more aggressive TDM and transit improvements must be implemented or additional development should be delayed until such improvements are implemented.

Establishing direct transit service between NSTI and the East Bay would mitigate the lack of current direct service to a not significant level. Bus service would need to be at 10-minute headways (the interval between the trips of 2 successive vehicles) throughout the day during the weekday and at 15-minute headways throughout the day during the weekend. Additional measures include monitoring NSTI bus transit demand on an annual basis (or at each phase of development), ensuring planned services are implemented to meet or exceed demand, and implementing TDM measures to encourage bus transit. If monitoring indicates an imbalance between transit service and demand, the City and County of San Francisco could limit planned land use development on NSTI until required services are funded.

In response to comments from Bay Area Air Quality Management District (BAAQMD), DoN has identified additional potential mitigation measures not discussed

in the FEIS. DoN recommends that future redevelopment projects implement the measures set out in sections 4.3 and 4.4 of the *BAAQMD California Environmental Quality Act (CEQA) Guidelines: Assessing the Air Quality Impacts of Projects and Plans* (BAAQMD 1999). First, as indicated in section 4.3 of the CEQA Guidelines, incorporate Transit-Oriented Development in project design. This strategy is intended to reduce automobile usage associated with suburban land uses by integrating residential and commercial land uses with transportation routes and making communities more amenable to transit, bicycle, and pedestrian activities. Second, as indicated in section 4.4 of the BAAQMD CEQA Guidelines, measures identified in Tables 15, 16, and 17 to reduce vehicular emissions from commercial, institutional, industrial, and residential uses should be implemented in project-specific phases. Implementation of these transportation measures would ensure that the proposed actions would not contribute to significant cumulative air quality impacts within the region.

To minimize significant impacts to mudflat habitat and eelgrass beds, several measures are recommended for the entity acquiring the land and applying for regulatory permits that will be required to allow development in sensitive areas. Measures include minimizing disturbance to sensitive habitats during construction and preparing and implementing a plan to minimize disturbance of sensitive habitats due to recreational activity. The permittee for the development projects for Clipper Cove could be required to post signs along the shore adjacent to the mudflats and at the marina to inform pedestrians and recreational boaters that the mudflats are a protected sensitive area and trespassing is not permitted. Buoys could be placed in the bay to identify the restricted mudflat area. A “No Wake” zone could be established in Clipper Cove to minimize shoreline and mudflat erosion. A “No Wake” speed (not exceeding 5 miles per hour) is the speed at which a vessel does not produce a wake. Any impacts related to construction or fill would be addressed during the Army Corps of Engineers Section 404 permitting process.

Impacts on migratory birds from pedestrian and boating activities are closely associated with impacts on mudflat habitat and eelgrass beds. Impacts on migratory birds will be mitigated through compliance with all applicable laws, regulations, and regulatory permits. Additional mitigation may include posting signs along the shore adjacent to the

mudflats and at the marina, informing pedestrians and boaters that the mudflats are a protected and sensitive area. Placing buoys in the bay, identifying the mudflat area as restricted and establishing a “No Wake” zone in Clipper Cove could also reduce impacts.

Mitigation measures for increased boat and pedestrian activity on eelgrass areas, mudflats, and shallow water areas are the same as those proposed to mitigate impacts to mudflat areas.

A zone of “ improved ground ” would be created around the perimeter of the island to reduce lateral spreading. Interior island areas shall be similarly improved to reduce large differential settlement. All sensitive structures, such as buildings greater than three stories, buildings intended for public occupancy, structures supporting essential services, and buildings housing schools, medical, police, and fire facilities, shall be supported on pile systems or other specially designed foundations. Detailed geotechnical studies shall be completed in accordance with the City and County of San Francisco requirements for individual development sites.

Filling low-lying portions of the residential area to at least 9 feet (3 meters) National Geodetic Vertical Datum (NGVD) prior to development would mitigate the increased exposure of occupants, visitors, and property to ponding hazards due to seepage through the dike during some high tide events. In addition, other low-lying areas within 500 feet (152 meters) of the Treasure Island perimeter should be similarly filled before development is allowed.

A set back for development inboard of the perimeter dike, to allow room for periodic dike raising without substantially increasing bay fill, would reduce impacts caused by exposure of people and property to flooding hazards due to dike overtopping during storms. Other measures include raising the dike as necessary to account for site settlement or for changes in maximum tidal heights and rises in sea levels; inspecting the dike after each major storm to identify repair needs; and repairing the dike promptly as required.

RESPONSE TO COMMENTS RECEIVED REGARDING THE FINAL

ENVIRONMENTAL IMPACT STATEMENT: Below is a summary of substantive

public comments received in response to the release of the FEIS, as well as DoN responses to comments.

The Department of Toxic Substances Control (DTSC) commented that Installation Restoration (IR) Site 30 should be represented as an active site until the CERCLA process is complete. DoN agrees with this comment and will ensure that IR Site 30 is fully addressed under CERCLA, including the preparation of a Remedial Investigation and Feasibility Study to determine what, if any, action is necessary.

DTSC requested additional information regarding polychlorinated biphenyls (PCBs) and asked DoN to demonstrate that PCB's are not an issue. DoN addressed PCBs in section 4.13 of the FEIS. All PCB release sites have been identified at NSTI and surveys are being completed. All PCB sites requiring a response will be remediated under CERCLA prior to property conveyance. Additionally, DoN will comply with all applicable provisions of the Toxic Substances Control Act (TSCA) (15 U.S.C. 2605) and other applicable laws and regulations designed to minimize the risks posed by PCBs.

DTSC commented that it intends to hold any future owners of the property liable for lead in soil around residential and non-residential property and asked that the FEIS be modified to reflect that intent. HUD regulations (Title X, 42 U.S.C. 4851) and the DoD/United States Environmental Protection Agency (USEPA) "LBP" Joint Interim Final Field Guide (1999) set out the standards and responsibilities regarding lead based paint. Inasmuch as those standards and responsibilities are fully discussed in the FEIS, modification of the FEIS is not necessary.

The BAAQMD commented that without mitigations, emissions from any of the three project alternatives would contribute to significant cumulative degradation of regional air quality. BAAQMD also commented that it was unable to determine how the project emissions presented in Table 4.6-1 were obtained. Table 4.6-1 of the FEIS was based on a mobile source emissions inventory generated by Radian International (1997) for DoN. The data was adjusted to consider variations in project alternative operational characteristics between 2001 and 2010.

The TDM program and other transportation mitigation measures recommended in the FEIS (and discussed above) would reduce vehicle trips and associated vehicle miles generated by the project and would increase the flow of future traffic within the project

region. Implementation of these transportation measures would reduce project emissions from the unmitigated levels presented in Table 4.6-1. In response to this comment from BAAQMD, DoN identified additional potential mitigation measures and included them in the preceding mitigation discussion.

One individual commented that the FEIS failed to address a “Maximum Homeless-Use ” Alternative. The individual cites the BCCRHA Act of 1994, which mandates that a redevelopment plan take into consideration a number of homeless issues, including the size and nature of the homeless population in the local communities, the availability of existing homeless services, and the suitability of the redevelopment plan for the use and needs of the homeless. Chapter 2.2.1 of the FEIS describes the Homeless Assistance planning process, including the opportunities for local communities to participate in the decision regarding disposal of military properties by requiring homeless providers to work through TIDA. As previously stated in the “Supplemental Information” section, the extent of the DoN’s role in meeting homeless assistance needs is limited by the review conducted by HUD. Representatives of the homeless submit notices outlining their needs and proposals to TIDA and not to the federal agency that owns the property. TIDA may address those needs either on or off base. TIDA, as the LRA, must prepare a redevelopment plan for the closing installation that considers the expressed needs of the homeless. DoN has a role if and only if HUD determines that the redevelopment plan submitted by TIDA does not meet regulatory criteria set forth at 24 CFR Part 586 and TIDA fails to revise the redevelopment plan in a manner that HUD determines meets those regulatory requirements.

On November 1, 1995, the Treasure Island Homeless Development Initiative (TIHDI) submitted a Notice of Interest to the LRA for surplus property including homeless housing, support services, employment, and economic development programs and services. On November 26, 1996, HUD approved the San Francisco Office of Military Base Conversion’s homeless assistance submission including its proposed agreements with TIDHI. TIDA was not established as the LRA until the 1998, at which time they inherited the approved plan. Currently, TIHDI operates one of the most intensive San Francisco homeless provider initiatives at Treasure Island. In addition to a day care center, TIHDI manages 190 units housing formerly homeless individuals. DoN

has met the requirements of both NEPA and BCCRHA Act in its analysis of homeless requirements through the consideration of the 1996 Draft Reuse Plan. Under the requirements of DBCRA of 1990, as amended, any entity responsible for developing NSTI or implementing the redevelopment plan would be bound by the homeless assistance requirements set forth in the BCCRHA Act.

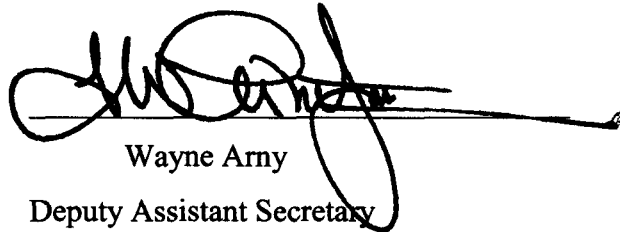
The San Francisco Municipal Railway Service Planning (MUNI) staff commented that it currently provides bus service between the NSTI and Transbay Terminal in San Francisco for residents and visitors to the island. They concur that bus service may need to increase to meet demand under the proposed redevelopment plan for NSTI. MUNI also comments that they cannot commit to any service expansion to the East Bay without a concurrent commitment of funding from an identified source. Determining funding for increased bus service is beyond the scope of this FEIS and should be addressed by the City and County of San Francisco in a subsequent CEQA analysis to ensure the effectiveness of the transportation mitigation measures associated with the proposed maximum build-out scenario. MUNI requested a breakdown of bus service demands in the FEIS analysis by mode, direction, and time of day. The FEIS provided estimates of MUNI bus demand based on three different levels of development for NSTI. These development scenarios were designed to evaluate a range of potential environmental impacts, from low to high. The actual development (both land uses and quantities of land uses) that will be approved by the City and County of San Francisco may ultimately differ from those analyzed in the FEIS. Consequently, MUNI demand and transit usage patterns could be different from those presented in the FEIS. The Reuse Plan assumes that ferry services will be a travel mode between San Francisco and NSTI, in addition to bus services. Bus passenger estimates were made for bus trips to and from NSTI, not within NSTI. MUNI bus demand should be analyzed in depth when the city and county approve specific development plans for NSTI, based on the approved land use. This would include both trips to and from NSTI as well as internal shuttle bus demand.

CONCLUSION: After considering the analysis contained in the FEIS, comments from federal, state, and local agencies, and comments from the public, I conclude that

Alternative 1 is the NEPA alternative that best meets DoN's purpose and need regarding disposal of the NSTI property while allowing TIDA to execute redevelopment that will provide the best opportunity for economic recovery from the closure of NSTI. While Alternative 1 presents the potential for significant impacts in several respects, especially traffic, reuse of the property in accordance with TIDA's reuse plan can be accomplished without significant harm to the environment through implementation of the mitigation measures by TIDA or subsequent developers.

Although the No Action alternative is the environmentally preferred alternative, it would not meet DoN's purpose and need regarding property disposal and would preclude the economic recovery intended by Congress when it enacted the DBCRA 1990. The No Action alternative would result in continued caretaker activities; therefore, socioeconomic gains in terms of new jobs and increased revenue in the region from disposal and subsequent reuse of NSTI would not be realized.

10/26/05
Date


Wayne Army
Deputy Assistant Secretary
(Installations and Facilities)

PRE-APPROVED ARBITERS LIST

Qualified arbiters with Real Estate expertise from the AAA's National Panel of Arbitrators and Mediators

- 1. Bruce Belding**
- 2. David Heilbron**
- 3. Matthew Geyer**
- 4. William Quinby**
- 5. Hon. Carl West Anderson**

Qualified arbiters with Real Estate expertise from the CPR Institute for Dispute Resolution

- 6. Zela G. Claiborne**
- 7. Hon. Charles B. Renfrew**

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**BILL OF SALE
PERSONAL PROPERTY FOR PARCEL _____
LOCATED AT TREASURE ISLAND**

This Bill of Sale is made this _____ day of _____, 20____ (“Effective Date”) by and between the **UNITED STATES OF AMERICA**, acting by and through the Department of the Navy (“Navy”), for the benefit of the **TREASURE ISLAND DEVELOPMENT AUTHORITY** (“Authority”), recognized as the local redevelopment authority with regard to the disposition and conveyance of portions of Naval Station Treasure Island, San Francisco, California. The Navy and the Authority are each sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

1. In 1993, the Defense Base Closure and Realignment Commission recommended the closure of Naval Station Treasure Island (“Treasure Island”), located within the City and County of San Francisco (“City”), which consists of approximately one thousand one hundred and eighty-seven (1,187) acres of real property, together with the buildings, improvements and related and other tangible personal property located thereon and all rights, easements and appurtenances thereto.

2. In accordance with the Defense Base Closure and Realignment Act of 1990, as amended (the “Act”), the authority of the Administrator of General Services under the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. § 541 et seq.), with respect to the disposal of surplus real property at installations closing thereunder, was delegated to the Secretary of Defense and further delegated to the Secretary of the Navy.

3. Pursuant to the power and authority provided by § 2905(b)(4) of the Defense Base Closure and Realignment Act of 1990, 10 U.S.C. § 2687 note, as amended, and the implementing regulations of the Department of Defense (32 C.F.R. Part 174), the Secretary of the Navy is authorized to convey surplus property at a closing installation to the Local Redevelopment Authority for economic development purposes.

4. The Parties entered into the *Economic Development Conveyance Memorandum of Agreement between the United States of America, acting by and through the Department of the Navy, and the Treasure Island Development Authority for the Conveyance of the Naval Station Treasure Island*, dated _____, 2012. (“Agreement”).

5. Pursuant to Section 3.1.3 of the Agreement, the Navy agreed to transfer to the Authority by bill of sale at each Closing all the Navy Personal Property, as defined in the Agreement, consisting of the Navy’s right, title, and interest in all personal property at Treasure Island, except for those items identified in Article 13 of the Agreement.

TREASURE ISLAND BILL OF SALE FOR PERSONAL PROPERTY

1 **IN WITNESS WHEREOF**, the Parties, intending to be legally bound hereby, have caused their
2 duly appointed representatives to execute this Bill of Sale as of the Effective Date set forth
3 above.
4

5
6 WITNESS/ATTEST:

THE UNITED STATES OF AMERICA

7
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10 By: _____
11 Name:
12 Title:

By: _____
Name:
Title:

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15 Date: _____
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23 APPROVED AS TO FORM:

**TREASURE ISLAND DEVELOPMENT
AUTHORITY**

24
25 DENNIS J. HERRERA, City Attorney
26
27

28 By: _____
29 Name:
30 Deputy City Attorney
31
32

By: _____
Name:
Title:

33 Date: _____
34
35

TREASURE ISLAND BILL OF SALE FOR PERSONAL PROPERTY

1 CERTIFICATE OF ACCEPTANCE

2

3 Government Code Section 27281

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7 This is to certify that the interest in personal property conveyed by the Bill of Sale for the
8 Personal Property from the United States of America to the Treasure Island Development
9 Authority, a California non-profit public benefit corporation, existing under the laws of the State
10 of California, Grantee, is hereby accepted by the undersigned officer, its _____,
11 on behalf of the _____, pursuant to the authority conferred by Resolution No.
12 _____, adopted on _____, and the Grantee consents to the recordation thereof,
13 by its duly authorized officer.

14

15 IN WITNESS WHEREOF, I have hereunder set my hand this _____ day of _____,
16 20____.

17

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19 Approved As To Form:
20 DENNIS J. HERRERA, City Attorney

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23 By: _____

24

Name:
Deputy City Attorney

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TREASURE ISLAND DEVELOPMENT AUTHORITY

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By: _____

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Name:
Title:

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**BILL OF SALE
FOR UTILITY INFRASTRUCTURE
RELATED TO TREASURE ISLAND**

7 This Bill of Sale is made this _____ day of _____, 20____ (“Effective
8 Date”) by and between the **UNITED STATES OF AMERICA**, acting by and through the
9 Department of the Navy (“Navy”), for the benefit of the **TREASURE ISLAND**
10 **DEVELOPMENT AUTHORITY** (“Authority”), recognized as the local redevelopment
11 authority with regard to the disposition and conveyance of portions of Naval Station Treasure
12 Island, San Francisco, California. The Navy and the Authority are each sometimes referred to
13 herein individually as a “Party” and collectively as the “Parties.”
14

15
16

RECITALS

17 1. In 1993, the Defense Base Closure and Realignment Commission recommended
18 the closure of Naval Station Treasure Island (“Treasure Island”), located within the City and
19 County of San Francisco (“City”), which consists of approximately one thousand one hundred
20 and eighty-seven (1,187) acres of real property, together with the buildings, improvements and
21 related and other tangible personal property located thereon and all rights, easements and
22 appurtenances thereto.
23

24 2. Pursuant to the power and authority provided by § 2905(b)(4) of the Defense Base
25 Closure and Realignment Act of 1990, 10 U.S.C. § 2687 note, as amended, and the
26 implementing regulations of the Department of Defense (32 C.F.R. Part 174), the Secretary of
27 the Navy is authorized to convey surplus property at a closing installation to the Local
28 Redevelopment Authority for economic development purposes.
29

30 3. The Parties entered into the *Economic Development Conveyance Memorandum of*
31 *Agreement between the United States of America, acting by and through the Department of the*
32 *Navy, and the Treasure Island Development Authority for the Conveyance of the Naval Station*
33 *Treasure Island*, dated _____, 2012. (“Agreement”).
34

35 4. Pursuant to Section 3.1.2 of the Agreement, the Navy agreed to transfer to the
36 Authority by bill of sale the Utility Infrastructure consisting of all utilities and related support
37 infrastructure located on and off the Navy Real Property that serve the Navy Real Property such
38 as electrical, water, sewer, gas, storm drainage and telecommunications lines.
39

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MUTUAL UNDERSTANDINGS

42 **NOW, THEREFORE**, in consideration of the foregoing recitals and other consideration
43 set forth herein, it is mutually agreed as follows:
44

45 1. **Transfer.** For good and valuable consideration, the receipt and sufficiency of
46 which is hereby acknowledged, the Navy hereby grants, releases, quitclaims and transfers to the

BILL OF SALE FOR UTILITY INFRASTRUCTURE

1 CERTIFICATE OF ACCEPTANCE

2

3 Government Code Section 27281

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6

7 This is to certify that the interest in utility infrastructure conveyed by the Bill of Sale for the
8 Utility Infrastructure from the United States of America to the Treasure Island Development
9 Authority of the City and County of San Francisco, a California non-profit public benefit
10 corporation, existing under the laws of the State of California, Grantee, is hereby accepted by the
11 undersigned officer, its _____, on behalf of the _____,
12 pursuant to the authority conferred by Resolution No. _____, adopted on _____,
13 and the Grantee consents to the recordation thereof, by its duly authorized officer.

14

15 IN WITNESS WHEREOF, I have hereunder set my hand this _____ day of _____,
16 20__.

17

18

19 Approved As To Form:

20 DENNIS J. HERRERA, City Attorney

21

22

23 By: _____

24

Name:

25

Deputy City Attorney

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TREASURE ISLAND DEVELOPMENT AUTHORITY

28

29

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By: _____

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Name:

32

Title:

BILL OF SALE FOR UTILITY INFRASTRUCTURE

EXHIBIT A Utility Infrastructure

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4 **Electric Utility Infrastructure:** Any building, structure, surface, subsurface or elevated pipe,
5 pole, line, service connection, conduit, feeder, wire, fixture, duct, manhole, handhole, cable,
6 equipment, transformer, switch, generator, facility, and any necessary devices now or hereafter
7 used or intended to be used for supplying, distributing or storing any Electric Utility Service
8

9 **Water Supply, Wastewater and Stormwater Infrastructure:** Any building, structure, facility,
10 pumphouse, pumping station, metering station, reducing station, lift station, containment vessel,
11 catch basin, reservoir, outfalls, vault, or similar improvement, pipes, lines, service connections,
12 conduits, tanks, feeders, wires, fixtures, ducts, manholes, handholes, hydrants, valves, cables,
13 equipment (including but not limited to process equipment), and any necessary devices now or
14 hereafter used or intended to be used for supplying, distributing, treating, storing, containing, or
15 conducting any Water, Wastewater or Stormwater Utility Service.
16

17 **Gas Supply and Steam Supply Infrastructure:** Any structure, facility, metering station,
18 meters, pressure regulators, valves, pipes, lines, service connections, conduits, tanks, fixtures,
19 manholes, handholes, equipment, and any necessary devices now or hereafter used or intended to
20 be used for the supplying, distributing, storing, containing or conducting any Gas Supply or
21 Steam Supply Utility Service.
22

23 **Telecommunications Infrastructure:** Any structure, facility, antennae structure, antenna,
24 subsurface or elevated pipes and lines, poles, service connections, relays, booster equipment,
25 conduits, feeders, wires, fixtures, ducts, manholes, handholes, cables, equipment, power supplies
26 and equipment, transmitters, broadcasting equipment, and any necessary devices now or
27 hereafter used or intended to be used for transmitting, broadcasting or delivering any
28 Telecommunications Service.
29

FORM OF PROMISSORY NOTE
(Initial Consideration)

\$55,000,000.00

_____, 20__

FOR VALUE RECEIVED, the undersigned, the TREASURE ISLAND DEVELOPMENT AUTHORITY (“*Maker*”), promises to pay to the order of the UNITED STATES OF AMERICA, acting by and through the Department of the Navy (“*Payee*”), the principal sum of FIFTY-FIVE MILLION AND 00/100 DOLLARS (\$55,000,000.00), or so much thereof as may from time to time be owing hereunder by Maker to or for the account of Payee in lawful money of the United States of America, which shall at the time of payment be legal tender in payment of all debts and dues, public and private.

This Promissory Note (“*Note*”) is given in furtherance and in consideration of payment of the Initial Consideration, as defined in and provided pursuant to that certain Economic Development Conveyance Memorandum of Agreement between Maker and Payee, dated as of _____, 201__ (the “*EDC MOA*”). All initially capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the EDC MOA.

1. Payment of Principal and Interest.

(a) Subject to the provisions contained in clause (b) below, Maker shall pay the principal balance of this Note and accrued interest thereon as follows:

(i) Commencing on the Initial Closing Date, Maker shall pay to Payee Five Million Five Hundred Thousand and 00/100ths Dollars (\$5,500,000.00) (the “*Installment Payment*”) of the principal balance of this Note; and

(ii) On each Anniversary Date of the Initial Closing Date until the Maturity Date (as defined below), Maker shall pay an amount equal to the Installment Payment as a principal payment, together with all interest that has accrued hereunder as of such date.

As used herein, “*Initial Closing Date*” means the date when the Initial Closing occurs under the EDC MOA.

(b) Payments by Maker of each Installment Payment on any due date shall be subject to adjustment as follows:

(i) Subject to Section 4.2.1 of the EDC MOA, if at any time or from time to time, Payee conveys any Parcel to a third party pursuant to Section 3.8.4 of the EDC MOA, then the outstanding principal balance of this Note shall be reduced by an amount equal to the amount of consideration received by Payee from the sale or transfer of such Parcel (the “*Parcel Sale Consideration Amount*”) up to the remaining outstanding principal balance of this Note. After such reduction, any interest payable hereunder shall be on the outstanding principal balance of this Note less the Parcel Sale Consideration Amount.

(ii) In accordance with Section 4.2.1 of the EDC MOA, if at any time or from time to time, Payee conveys any Parcel to a third party pursuant to Section 3.8.4 of the EDC MOA, then Payee shall receive a credit equal to the interest paid by Authority to Navy from the Initial Closing through the date of the third-party sale calculated on the Parcel Sale Consideration Amount (the “*Parcel Sale Interest Credit*”).

The Parcel Sale Interest Credit shall be applied as a credit to the next Installment Payments becoming due under this Note until the credit for the Parcel Sale Interest Credit has been applied in full. If insufficient Installment Payments remain to fully use the credit for the Parcel Sale Interest Credit, then such balance shall be carried forward and applied against any Additional Consideration payable by Maker to Payee under the EDC MOA.

(iii) Pursuant to Sections 4.2.4 and 4.2.5 of the EDC MOA (and subject to other applicable provisions of the EDC MOA related to tolling, including Sections 4.2.6 and 4.2.7 of the EDC MOA), if Payee fails to meet a Site 12 Performance Benchmark or Parcels 21, 24, 30, 31, 33 and Building 233 Performance Benchmarks within the time provided in the EDC MOA, including by reason of an Excusable Delay, which Performance Benchmarks shall apply individually and separately to each such parcel, then Maker’s obligation to pay any future Installment Payment and accrued interest when provided in clause (a)(ii) above will be tolled for the same number of days occurring between the applicable Performance Benchmark date and the date on which the applicable Performance Benchmark is satisfied. If such tolling occurs, then the due date for all future Installment Payments and accrued interest under clause (a)(ii) above and the Maturity Date shall be adjusted for the period of tolling. For example, if the Site 12 Performance Benchmark in Section 4.2.2 of the EDC MOA relating to the Site 12 ROD must be satisfied by August 1, 2013, the next subsequent Installment Payment was due on January 1, 2014, and such Performance Benchmark was satisfied on April 1, 2014 (a delay of 243 days), then the next Installment Payment would be due on September 1, 2014 (i.e. 243 days from the original Anniversary Date of January 1, 2014), and all future Installment Payments would be due on September 1 of subsequent years in the Initial Consideration Term unless further tolled.

(iv) Pursuant to Section 4.2.10 of the EDC MOA (and subject to determination in accordance with Section 4.3.7.2 of the EDC MOA and the audit provisions set forth in Section 4.3.8 of the EDC MOA), the principal balance of this Note shall be reduced by an amount up to the total amount of either (A) the Redesign Costs set forth in the Redesign Budget, or (B) the Redesign Costs actually incurred by Developer and Maker if such amount exceeds the Redesign Costs set forth in the Redesign Budget (the “*Redesign Costs Credit*”). Any Redesign Costs Credit amount shall be applied to reduce the next Installment Payment becoming due under this Note, and interest shall not thereafter accrue on any such Redesign Costs Credit amount.

(v) Pursuant to Section 27.3.5 of the EDC MOA, the principal balance of this Note shall be reduced by an amount up to fifty percent (50%) of the full amount of an Arbiter's fees and costs, including such Arbiter's consultant costs (an “*Arbiter's Costs Credit*”). Any Arbiter’s Costs Credit amount shall be applied to reduce the next Installment Payment becoming due under this Note, and interest shall not thereafter accrue on any such Arbiter’s Costs Credit amount.

(c) Interest shall accrue on the outstanding principal balance of this Note at a per annum rate equal to [REDACTED]% (the “**Interest Rate**”) [INSERT “**INTEREST RATE**” AS DETERMINED IN ACCORDANCE WITH EDC MOA] beginning on the Initial Closing Date and continuing thereafter until the entire balance of this Note is paid in full, on the basis of a 360-day year and the number of days elapsed.

(d) Each payment hereunder shall be payable to the U.S. Treasury and delivered to BRAC Program Management Office West, 1455 Frazee Road, Suite 900, San Diego, California 92108, or such other address as Payee may designate from time to time.

2. Maturity. All unpaid principal, interest thereon, and all other unpaid amounts owing under this Note shall be due and payable on the date that is ten (10) calendar years after the Initial Closing Date (the “**Maturity Date**”), as such Maturity Date may be adjusted in accordance with Section 1(b)(iii) above.

3. Default and Acceleration. Failure to make any required payment under this Note within thirty (30) calendar days after the date on which such amount is due shall constitute an “**Event of Default**” under this Note. If an Event of Default occurs, at the option of Payee, except at maturity of this Note when acceleration of amounts due under this Note shall be automatic, (a) the whole of the principal sum of this Note, (b) accrued interest including any Default Interest and Late Charges, (c) all other sums, as provided in this Note, and (d) all sums advanced and costs and expenses incurred by Payee in connection with this Note or any part thereof, or the acquisition or perfection of the security therefor, whether made or incurred at the request of Maker or Payee (all the sums referred to in clauses (a) through (d) above shall collectively be referred to as the “**Debt**”) shall without notice become immediately due and payable.

4. Security. This Note is secured by (i) that certain Assignment of Rents of even date herewith, executed by Maker in favor of Payee, granting to Payee a security interest in the rents and revenues generated from the real property described therein (the “**Assignment of Rents**”), and (ii) to the extent the rents and revenues assigned under the Assignment of Rents are not sufficient to cover the unpaid principal and interest due under this Note, a Subordinate Pledge of Net Available Tax Increment Revenues generated from the Navy Real Property in accordance with Section 4.2.11.2 of the EDC MOA.

5. Late Charges. Any failure to pay any Installment Payment and accrued interest within ten (10) days after the payment due date determined in accordance with Section 1 above shall be considered late (“**Late Payment**”). Any Late Payment will incur a late payment penalty equal to two and one-half percent (2 ½ %) of the payment due. Any Late Payment constituting a default hereunder shall accrue interest at the Default Interest Rate from the due date and the Default Interest Rate shall remain in effect on the Late Payment amount until paid. As used herein, “**Default Interest Rate**” means an interest rate of three hundred (300) basis points above the Interest Rate. MAKER ACKNOWLEDGES AND AGREES THAT (a) PAYEE’S ACTUAL DAMAGES RESULTING FROM ANY SUCH DELINQUENCY AND THAT RELATE TO LOST USE OF FUNDS OR COST OF INTERNAL ADMINISTRATION OF DELINQUENT PAYMENTS HEREUNDER WOULD BE EXTREMELY DIFFICULT TO ASCERTAIN, AND (b) UNDER THE CIRCUMSTANCES IN EXISTENCE AS OF THE DATE HEREOF, SUCH

LATE CHARGE CONSTITUTES A REASONABLE LIQUIDATION OF SUCH DAMAGES. Acceptance of any late payment shall not constitute a waiver of the late charge with respect to the overdue amount, and shall not prevent Payee from exercising any of the other rights and remedies available to Payee. This provision for imposition of a late charge is not intended to provide Maker with a grace period for making payments and shall not be construed as extending or rendering inessential the time for payment or performance set forth herein.

6. Waivers. Maker and all others who may become liable for the payment of all or any part of the Debt do hereby severally waive presentment and demand for payment, notice of dishonor, protest and notice of protest and non-payment and all other notices of any kind, except for notices expressly provided for in the EDC MOA. No release of any security for the Debt or extension of time for payment of this Note or any installment hereof, and no alteration, amendment or waiver of any provision of this Note made by agreement between Payee or any other person or party shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Maker, and any other person or entity who may become liable for the payment of all or any part of the Debt, under this Note or the EDC MOA.

7. Governing Law. This Note shall be governed by all applicable Federal, State and local laws, rules and regulations which may arise by reason of this Note.

8. Notices. All notices required or permitted hereunder shall be given as provided in the EDC MOA.

9. Incorporation by Reference. All of the terms, covenants and conditions contained in the EDC MOA are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of any inconsistency between the terms of the EDC MOA and this Note, the terms of the EDC MOA shall control.

10. Availability of Funds. Notwithstanding anything to the contrary contained in this Note, but subject to Payee's security described in Section 4 above, there shall be no obligation for the payment or expenditure of money by Maker unless there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure.

11. Miscellaneous. This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Maker or Payee, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought. Whenever used, the singular number shall include the plural, the plural number shall include the singular, and the words "Payee" and "Maker" shall include their respective successors, assigns, heirs, executors and administrators.

[SIGNATURE PAGE FOLLOWS]

Maker has duly executed this Note as of the day and year first above written.

MAKER:

TREASURE ISLAND DEVELOPMENT AUTHORITY

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA,

City Attorney

By: _____

Name: _____

Deputy City Attorney

EXHIBIT I - 1 ASSIGNABLE EASEMENTS, CONTRACTS AND PERMITS

Section 7.1 – list of the assignable easements, leases, licenses and encroachment permits held by the Navy over, under, or through non-Navy owned property necessary for the operation, maintenance, or improvement of the Property and the assignable contracts, permits or other agreements relating to the Navy Property that the Authority has agreed to assume.

Item	Document title	Permitter	TIDA Doc#
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Electric

E1	NAVY CAPACITY RIGHTS IN THE PORT OF OAKLAND NAVY LINE under the POON Agreement (installation and allocation of special facilities between Substation C and Davis sub) between City of Oakland, Navy and PGE	Port of Oakland and PG&E	S 1
E3	Easement for Overhead Lines 1999 Quitclaim Deed from Navy to City of Oakland acting through its Board of Port Commissioners	Port of Oakland	S 2
E12-A	Bill of Sale for "First Cable"		S36

Water

W 3	Nonexclusive EBMUD easement for 12 inch water line (1984?)	EBMUD	N 13
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Caltrans Items

CT 1	2000 Quitclaim and reservation of easements for access and utilities between United States of America (through FHWA) and Caltrans	Caltrans	TR 16
CT 2	2004 Consent to Common Use Agreement (Quitclaim and Easement for Utilities) between United State of America (through the Navy) and Caltrans.	Caltrans	TR 17
CT 3	2004 Quitclaim and reservation of easements for access and utilities between United States of America (through FHWA) and Caltrans	Caltrans	TR 37

EXHIBIT I-5 : Non-Assignable and Unperfected Easements, Contracts and Permits

Section 3.6 – list of the easements, leases, licenses, encroachment permits, contracts, permits and other agreements that are necessary for the operation, maintenance or improvement of the Navy Real Property and are either not assignable (the “Non-Assignable Easements”) or not validly held by the Navy (the “Unperfected Easements”)

Item	Document title	Permitter	TIDA Doc#
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Electric

E2	Interconnection and service agreement between Port and CCSF - Davis Substation	Port of Oakland	EA 1
E4	Easement for Overhead Lines 2003 Quitclaim deed for No-Cost Economic Development Conveyance parcel from Army to OBRA	City of Oakland	S 3
E5	Easement for Overhead Lines 2007 Quitclaim deed for Former Oakland Army Base Bldg 762 Parcel from Army to Port of Oakland	Port of Oakland	S 4
E6	Additional Easement Areas Need on Caltrans Land Original easement described in E4 does not create the full 20-feet as described in the recorded document in two places.	Caltrans	
E7	Create Utility Pole Agreement between Navy and City of Oakland/Port of Oakland	City of Oakland / Port of Oakland	S 10
E8	New easement from Army for Overhead Lines. (2003 LIFO between Army and EBRPD has expired and Army still controls the land)	Army	

Water

W1	2007 agreement permitting conditional and revocable encroachment to public right of way from Oakland to USA	City of Oakland	S 6
W 2	1944 agreement/permit from Oakland to USA regarding right to install and maintain 14 inch water line in and along Halleck and Beach streets	City of Oakland	N 19
W 4	1944 Southern Pacific Railway Permit	Southern Pacific Railroad Company and Southern Pacific Company	N 21
W 6	Revocable 1945 permit from Caltrans	Caltrans	N13.4
W 7	1963 Supplemental agreement between Army and EBMUD. EMBUD notifying Army they took over all Railway Equipment & Realty Company holdings. 1945 Agreement with Railway Equipment & Realty Company Holdings 1953 Supplemental agreement with Railway Equipment & Realty Company Holdings	EBMUD	N 13.8 N 13.5 N 13.6
W 8	1961 Caltrans Encroachment Permit	Caltrans	N 13.7
W 9	1953 utilities encroachment permit from Caltrans to Navy for utility line relocation	Caltrans	N 23
W 10	1947 Caltrans Encroachment Permit	Caltrans	N 24
W 11	1944 permit to US for installation of water main on East Bay crossing of SFOBB	State of California	N 16
W13	Potable water system environmental permit - CA Dept of Health Services Permit No. 02-04-96P-3810702		

Sewer Note: The Navy is the permit holder or permittee for all Sewer permits.

S1	BAAQMD Permit Plant No. 479 - sanitary treatment plant	State of California	
S2	RWQCB Permit No. CA0110116 - sanitary treatment plant (Order R2-2010-0054)	State of California	
S3	RWQCB Permit No. CAS000001 (WDID No. 238I012140) - storm sewers	State of California	
S4	RWQCB Permit No. CA0038849 - sanitary treatment plant Mercury Discharge Permit	State of California	
S5	State and RWQCB Sanitary Collection System Permit. Orders 2006-0003-DWQ and WD-2008-0002-EXEC Facility Number 2SSO10207	State of California	

Communication Line Easements

C 1	1966 PT&T Easement	Navy	TR 11
C 2	1989 Pacific Bell Easement	Navy	TR 15
C 3	1993 AT&T Easement	Navy	TR 19
C 4	1967 PT&T Easement	Navy	TR 24
C 5	Oct 23, 1968 PT&T Easement	Navy	TR 26
C 6	1969 Western Union Easement	Navy	TR 29
C 7	1971 PT&T Easement	Navy	TR 30
C 8	1977 PT&T Easement	Navy	N 8
C 10	1979 Western Union Easement	Navy	N 12
C 11	1937 Postal Telegraph Permit	Navy	N 14
C 12	1886 Sunset T&T License	Navy	N 25
C13	Nov 13, 1968 PT&T Easement	Navy	TR 27

Additional Items

A 1	Missing Real Estate Summary Documents (item 31 from 3/6/90 update)		
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EXHIBIT I-7 : Non Assignable and Unperfected Easements, contracts and permits related to provision of Electricity

Section 3.7.1.8 List of Non-Assignable and Unperfected Easements, contracts and permits realated to the provision of electricity to Treasure Island

Item	Document title	Permitter	TIDA Doc#
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Electric

E2	Interconnection and service agreement between Port and CCSF - Davis Substation	Port of Oakland	EA 1
E4	Easement for Overhead Lines 2003 Quitclaim deed for No-Cost Economic Development Conveyance parcel from Army to OBRA	City of Oakland	S 3
E5	Easement for Overhead Lines 2007 Quitclaim deed for Former Oakland Army Base Bldg 762 Parcel from Army to Port of Oakland	Port of Oakland	S 4
E6	Additional Easement Areas Need on Caltrans Land Original easement described in E4 does not create the full 20-feet as described in the recorded document in two places.	Caltrans	
E7	Create Utility Pole Agreement between Navy and City of Oakland/Port of Oakland	City of Oakland / Port of Oakland	S 10
E8	New easement from Army for Overhead Lines. (2003 LIFOC between Army and EBRPD has expired and Army still controls the land)	Army	

FORM OF ASSIGNMENT OF RENTS

RECORDING REQUESTED BY
WHEN RECORDED MAIL TO:

Attn: _____

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS ("*Assignment*") made as of _____, 20___, by the TREASURE ISLAND DEVELOPMENT AUTHORITY, as assignor ("*Assignor*"), to the UNITED STATES OF AMERICA, acting by and through the Department of the Navy, as assignee ("*Assignee*").

RECITALS

A. Assignor and Assignee are parties to that certain Economic Development Conveyance Memorandum of Agreement between the United States of America and the Treasure Island Development Authority for the Conveyance of the Naval Station Treasure Island, dated as of _____, 2012 (the "*EDC MOA*"). Pursuant to the EDC MOA, Assignee has or will transfer to Assignor (the "*Conveyance*") that certain real property located on Treasure Island and Yerba Buena Island in the City and County of San Francisco, State of California, more particularly described on Exhibit A attached hereto (the "*Property*").

B. As partial consideration for the Conveyance, Assignor has agreed to pay to Assignee the sum of \$55,000,000.00 (the "*Initial Consideration*"), plus interest, payable over a term of ten (10) years. The Initial Consideration is evidenced by that certain Promissory Note dated as of even date herewith executed by Assignor in favor of Assignee in the principal amount of \$55,000,000.00 (the "*Note*").

C. The EDC MOA provides that Assignor, in the manner hereinafter set forth, shall assign to Assignee as security for the payment of the Note Assignor's right, title and interest in the rents, issues and profits (collectively, the "*Rents*") payable under all interim subleases for the Property including that certain Sublease, Development, Marketing and Property Management Agreement between Assignor and the John Stewart Company dated as of March 17, 1999, as amended from time to time, and any successor interim subleases or leases relating to the Property whether executed prior to or after the Conveyance (collectively, the "*Leases*") on the terms described herein.

D. All initially capitalized terms used herein and not otherwise defined herein shall have the meanings provided to such terms by the EDC MOA.

ARTICLE 1 ASSIGNMENT

1.1 Rents Assigned. Assignor hereby assigns and grants to Assignee all Rents payable under all Leases; provided, Assignor and Assignee recognize that such assignment of Rents is subject and subordinate to the senior security interest that Assignor provided to the San Francisco County Transportation Authority (“*SFCTA*”) under the Memorandum for Project Management and Oversight, Engineering and Environmental Services for the Yerba Buena Ramps dated July 1, 2008, as amended, which shall not exceed Eighteen Million Eight Hundred Thirty Thousand Dollars (\$18,830,000.00) plus accrued interest, (the “*Senior Security Interest*”).

1.2 Secured Obligations. This Assignment is made in consideration of the indebtedness evidenced by the Note. The principal sum, interest and all other sums due and payable under the Note are referred to as the “*Debt*”.

1.3 Termination of Assignment. Upon payment in full of the Debt, this Assignment shall become null and void and shall be of no further force and effect.

ARTICLE 2 TERMS OF ASSIGNMENT

2.1 Present Assignment and License Back. It is intended by Assignor that this Assignment constitute a present assignment of the Rents, subject to the Senior Security Interest, and not an assignment for additional security only. Nevertheless, subject to the terms of this Section 2.1, Assignee grants to Assignor a revocable license to collect and receive the Rents unless an Event of Default shall exist. Assignor shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Debt, in trust for the benefit of Assignee for use in the payment of such sums, subject to the Senior Security Interest.

2.2 Notice to Lessees. Subject to the Senior Security Interest, Assignor hereby authorizes and directs the lessees named in the Leases or any other or future lessees or occupants of the Property to pay over to Assignee or to such other party as Assignee directs all Rents and all sums due under any Lease upon receipt from Assignee of written notice to the effect that an Event of Default (as defined in the Note) exists, and to continue so to do until otherwise notified by Assignee. If any Event of Default is subsequently cured, Assignee shall promptly notify such lessees that they may pay Rents to Assignor.

ARTICLE 3 COVENANTS

3.1 Negative Covenants. Assignor hereby covenants with Assignee that Assignor shall not (a) assign, transfer, mortgage, pledge or otherwise encumber, or permit to accrue or suffer to exist any lien or other encumbrance on or in, any of the right, title and interest of

Assignor in and to the Rents, except in favor of Assignee or the SFCTA under the Senior Security Interest, or (b) accept any prepayment of Rents earlier than one month in advance of its due date.

ARTICLE 4 REMEDIES

4.1 Remedies of Assignee. Upon or at any time after the occurrence and during the continuation of an Event of Default, the license granted to Assignor in Section 2.1 of this Assignment may automatically be revoked, and Assignee shall immediately be entitled to possession of all Rents, subject to the Senior Security Interest. In addition, Assignee may, at its option, without waiving such Event of Default, without notice and without regard to the adequacy of the security for the Debt, either in person or by agent, nominee or attorney, with or without bringing any action or proceeding, or by a receiver appointed by a court, demand, sue for or otherwise collect and receive all Rents, subject to the Senior Security Interest, including those past due and unpaid and may apply the Rents to the payment of the Debt, together with all costs and reasonable out-of-pocket attorneys' fees.

Other Remedies. Nothing contained in this Assignment and no act done or omitted by Assignee pursuant to the power and rights granted to Assignee hereunder shall be deemed to be a waiver by Assignee of its rights and remedies under the Note, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by Assignee under the terms thereof. Except as otherwise provided in Section 4 of the Note, the right of Assignee to collect the Debt and to enforce any other security therefor held by it may be exercised by Assignee either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

4.2 Assignor hereby absolutely, unconditionally and irrevocably waives any and all rights to assert any setoff, counterclaim or cross claim of any nature whatsoever with respect to the obligations of Assignor under this Assignment, the Note or otherwise with respect to the Debt secured hereby in any action or proceeding brought by Assignee to collect same, or any portion thereof, or to enforce and realize upon the lien and security interest created by this Assignment or the Note; *provided, however*, that the foregoing shall not be deemed a waiver of Assignor's right to assert any compulsory counterclaim if such counterclaim is compelled under local law or rule of procedure, nor shall the foregoing be deemed a waiver of Assignor's right to assert any claim which would constitute a defense, setoff, counterclaim or cross claim of any nature whatsoever against Assignee in any separate action or proceeding.

4.3 Other Security. Except as otherwise provided in Section 4 of the Note, Assignee may take or release other security for the payment of the Debt, may release any party primarily or secondarily liable therefor and may apply any other security held by it to the reduction or satisfaction of the Debt without prejudice to any of its rights under this Assignment.

4.4 Non-Waiver. The exercise by Assignee of the option granted it in Section 4.1 of this Assignment and the collection of the Rents and the application thereof as herein provided shall not be considered a waiver of an Event of Default. The failure of Assignee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Assignment. Assignor shall not be relieved of Assignor's obligations hereunder by reason of (a)

the failure of Assignee to comply with any request of Assignor or any other party to take any action to enforce any of the provisions hereof or of the Note, (b) the release, regardless of consideration, of the whole or any part of the Property, or (c) any agreement or stipulation by Assignee extending the time of payment or otherwise modifying or supplementing the terms of this Assignment or the Note. Except as otherwise provided in Section 4 of the Note, Assignee may resort for the payment of the Debt to any other security held by Assignee in such order and manner as Assignee, in its discretion, may elect. Assignee may take any action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Assignee thereafter to enforce its rights under this Assignment. The rights of Assignee under this Assignment shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Assignee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

ARTICLE 5 NO LIABILITY, FURTHER ASSURANCES

5.1 No Liability of Assignee. This Assignment shall not be construed to bind Assignee to the performance of any of the covenants, conditions or provisions contained in any Lease or otherwise impose any obligation upon Assignee. Assignee shall not be liable for any loss sustained by Assignor resulting from Assignee's failure to let the Property after an Event of Default or from any other act or omission of Assignee in managing the Property after an Event of Default unless such loss is caused by the willful misconduct or negligence of Assignee. Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases or under or by reason of this Assignment.

5.2 No Mortgagee in Possession. Nothing herein contained shall be construed as constituting Assignee a "mortgagee in possession". In the exercise of the powers herein granted Assignee, no liability shall be asserted or enforced against Assignee, all such liability being expressly waived and released by Assignor.

5.3 Further Assurances. Assignor will, at the cost of Assignor, and without expense to Assignee, do, execute, acknowledge and deliver all and every such further acts, conveyances, assignments, notices of assignments, transfers and assurances as Assignee shall, from time to time, reasonably require for the better assuring, conveying, assigning, transferring and confirming unto Assignee the property and rights hereby assigned or intended now or hereafter so to be, or which Assignor may be or may hereafter become bound to convey or assign to Assignee, or for carrying out the intention or facilitating the performance of the terms of this Assignment or for filing, registering or recording this Assignment and, on demand, will execute and deliver and hereby authorizes Assignee upon the occurrence and during the continuation of an Event of Default to execute in the name of Assignor to the extent Assignee may lawfully do so, one or more financing statements to evidence more effectively the lien and security interest hereof in and upon the Rents.

ARTICLE 6
MISCELLANEOUS PROVISIONS

6.1 Conflict of Terms. In case of any conflict between the terms of this Assignment and the terms of the Note, the terms of the Note shall prevail.

6.2 No Oral Change. This Assignment and any provisions hereof may not be modified, amended, waived, extended, changed, discharged or terminated orally, or by any act or failure to act on the part of Assignor or Assignee, but only by an agreement in writing signed by the party against whom the enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

6.3 Certain Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Assignment may be used interchangeably in singular or plural form and the word "Assignor" shall mean "each Assignor and successor to Assignor's interest in the Property or any part thereof or interest therein (other than third-party transferees of developable parcels under a Disposition and Development Agreement with Assignor)", the word "Assignee" shall mean "Assignee and any subsequent holder of the Note," the word "Note" shall mean "the Note and any other evidence of indebtedness secured by this Assignment," the word "person" shall include an individual, corporation, partnership, limited liability company, trust, unincorporated association, government, governmental authority, and any other entity, the word "Property" shall include any portion of the Property and any interest therein, and the word "Debt" shall mean the principal balance of the Note with interest thereon as provided in the Note and all other sums due pursuant to the Note and this Assignment; whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

6.4 Authority. Assignor represents and warrants that it has full power and authority to execute and deliver this Assignment and the execution and delivery of this Assignment has been duly authorized and does not conflict with or constitute a default under any law, judicial order or other agreement affecting Assignor or the Property.

6.5 Inapplicable Provisions. If any term, covenant or condition of this Assignment is held to be invalid, illegal or unenforceable in any respect, this Assignment shall be construed without such provision.

6.6 Choice of Law. This Assignment shall be governed by, and construed in accordance with, the laws of the State of California applicable to contracts made and intended to be performed in such state, without giving effect to principles of conflicts of laws, and any applicable law of the United States of America.

6.7 Notices. All notices required or permitted hereunder shall be given as provided in the EDC MOA.

6.8 Incorporation by Reference. All of the terms, covenants and conditions contained in the Note are hereby made a part of this Assignment to the same extent and with the same force

as if they were fully set forth herein. All initially capitalized terms used in this Assignment without being defined herein shall have the meanings assigned in the Note. The Recitals to this Assignment are hereby made a part of this Assignment to the same extent and with the same force as if they were fully set forth herein.

6.9 Headings, etc. The headings and captions of various paragraphs of this Assignment are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

6.10 Discretion of Assignee. Wherever pursuant to this Assignment any decision or determination is to be made by Assignee, the decision of Assignee to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Assignee, shall be in the reasonable discretion of Assignee, except as may be otherwise expressly and specifically provided herein.

6.11 Successors and Assigns. The Assignment of Rents assigned hereunder together with the covenants and warranties therein contained, shall inure to the benefit of Assignee and any subsequent holder of the Note and shall be binding upon Assignor, its heirs, executors, administrators, successors and assigns and any subsequent owner of the Property other than third-party transferees of developable parcels under a Disposition and Development Agreement with Assignor.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Assignor has executed this instrument as of the day and year first above written.

ASSIGNOR:

TREASURE ISLAND DEVELOPMENT
AUTHORITY

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA,
City Attorney

By: _____
Name: _____
Deputy City Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

File No: ()

APN No:

STATE OF California)SS
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

This area for official notarial seal.

EXHIBIT A
LEGAL DESCRIPTION

Exhibit A-1

SUBORDINATE PLEDGE AGREEMENT

by the

CITY AND COUNTY OF SAN FRANCISCO

for the benefit of the

UNITED STATES OF AMERICA

Dated as of _____ 1, 20__

**Related to
[Name of Pledging IFD]**

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SUBORDINATE PLEDGE AGREEMENT

THIS SUBORDINATE PLEDGE AGREEMENT (this "**Subordinate Pledge Agreement**"), is made as of ____ 1, 20__, by the CITY AND COUNTY OF SAN FRANCISCO, a charter city and county (the "**City**"), for and on behalf of the [Name of IFD] (the "**Pledging IFD**"), for the benefit of the UNITED STATES OF AMERICA, acting by and through the Department of the Navy (the "**Navy**");

RECITALS:

1. The Treasure Island Development Authority (the "**Authority**") and the Navy are parties to an "Economic Development Conveyance Memorandum of Agreement between the United States of America and the Treasure Island Development Authority for the Conveyance of the Naval Station Treasure Island," dated ____, 2012 (the "**EDC MOA**").

2. Pursuant to Section 4.2.6.2 of the EDC MOA, the Authority agreed to sign and deliver to the Navy through escrow at the Initial Closing (as defined in the EDC MOA) a Promissory Note (as defined in the EDC MOA) in the principal amount of the Initial Consideration (as defined in the EDC MOA), and agreed that the Promissory Note would be secured, to the extent the rents, issues and profits assigned under an Assignment of Rents (as defined in the EDC MOA) are not sufficient to cover the unpaid principal and interest due under the Promissory Note for the Initial Consideration, by a Subordinate Pledge (as defined in the EDC MOA) of Net Available Tax Increment Revenues (as defined in the EDC MOA) generated from the Navy Real Property (as defined in the EDC MOA) prior to or after a conveyance under the EDC MOA, and that the Subordinate Pledge would be subordinate to the pledge of Net Available Tax Increment Revenues to the holders of any bonded indebtedness and to the Developer under the DDA.

3. The Authority and Treasure Island Community Development, LLC (the "**Developer**") are parties to a Development and Disposition Agreement dated as of June 28, 2011 (the "**DDA**").

4. The City and the Developer are parties to a Development Agreement dated as of June 28, 2011 (the "**Development Agreement**").

5. A Financing Plan is attached as Exhibit EE to and is a part of the DDA, and is attached as Exhibit D to and is a part of the Development Agreement (the "**Financing Plan**").

6. The City agrees in Section 3.1 of the Financing Plan that at any time, and from time to time, after the Authority acquires all or part of the Project Site (as defined in the Financing Plan) from the Navy, the Developer may request in writing that the City establish one or more infrastructure financing districts ("**IFDs**") under Government Code Section 53395 et seq., as amended from time to time (the "**IFD Act**"), over all or any part of the property so acquired, and that, as soon as reasonably practical after receipt of a written request from the Developer, the City will establish an IFD over all of the property identified in the written request.

7. In Section 3.4 of the Financing Plan, (i) the City agrees that each IFD, when formed, will irrevocably pledge the Net Available Increment (as defined in the Financing Plan) from the IFD to the financing of the Qualified Project Costs (as defined in the Financing Plan), to the repayment of any Conditional City Increment (as defined in the Financing Plan) used to pay debt service on IFD Debt (as defined in the Financing Plan) for such IFD in the manner set forth in the Financing Plan and to any IFD Debt issued for such IFD and (ii) the City and the Developer acknowledge in Section 3.4 of the Financing Plan that each IFD will make a subordinate pledge of Net Available Increment pursuant to the Navy as required by the EDC MOA. The definition of Net Available Tax Increment Revenues in the EDC MOA is equivalent to the definition of Net Available Increment under the Financing Plan, and the subordination of the Net Available Increment in the manner set forth in this Subordinate Pledge Agreement shall satisfy the requirements of the EDC MOA. Accordingly, the term "Net Available Increment" as defined in the Financing Plan shall be the subject of this Subordinate Pledge Agreement.

8. The City, on behalf of the Pledging IFD, wishes to provide for the subordinate pledge of Net Available Increment required by the EDC MOA, all on the terms and conditions further set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained in this Subordinate Pledge Agreement, the City, on behalf of the Pledging IFD, hereby agrees as follows:

ARTICLE I

DEFINITIONS; TERM

Section 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined in this Subordinate Pledge Agreement, the capitalized terms in this Subordinate Pledge Agreement shall have the respective meanings given them in the EDC MOA or the Financing Plan, as applicable.

Section 1.02. Rules of Construction. All references in this Subordinate Pledge Agreement to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Subordinate Pledge Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Subordinate Pledge Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Term of Agreement. This Subordinate Pledge Agreement shall become effective upon its execution and delivery by the City, on behalf of the Pledging IFD, and shall continue in effect until there has been paid to the Navy all amounts owed under the Promissory Note for the Initial Consideration.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of the City. The City hereby represents and warrants to the Navy as follows:

(a) The City is a charter city and county, organized and existing under and by virtue of the Constitution of the State with full power, on behalf of the Pledging IFD, to execute this Subordinate Pledge Agreement and authority to perform its obligations hereunder.

(b) The execution and delivery of the Subordinate Pledge Agreement and the performance of its obligations hereunder and thereunder has been duly authorized by the City.

(c) The Subordinate Pledge Agreement has been executed and delivered by the City on behalf of the Pledging IFD and constitutes the legal, valid and binding obligation of the City on behalf of the IFD enforceable upon the City in accordance with its terms.

(d) The execution and delivery of the Subordinate Pledge Agreement by the City on behalf of the Pledging IFD and the consummation of the transactions on its part contemplated hereby and thereby do not conflict with or constitute a breach of or a default under or result in a violation of (i) the IFD Act, (ii) any constitutional or statutory provision or order, rule, regulation or ordinance, or any order, decree or judgment of any court or governmental authority having jurisdiction over the City, the Pledging IFD or any of its properties, or (iii) any agreement or instrument to which it is a party or by which it is bound.

(e) There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending against or threatened against or affecting the City or the Pledging IFD wherein an unfavorable decision, ruling or finding would adversely affect (i) the validity or enforceability of, or the authority or ability of the City, on behalf of the Pledging IFD, to perform its obligations under the Subordinate Pledge Agreement, or (ii) the transactions contemplated to be performed by the City, on behalf of the Pledging IFD, under the Subordinate Pledge Agreement.

(f) The pledge of the Net Available Increment in the manner set forth in this Subordinate Pledge Agreement does not violate the IFD Act.

ARTICLE III

PLEDGE AND IFD PLEDGE PAYMENTS

Section 3.01. Subordinate Pledge. Subject only to (i) Section 3.02 of this Subordinate Pledge Agreement describing the priority in which the Net Available Increment shall be applied during any IFD Debt Year (as defined below), (ii) the prior and superior pledge of the Net Available Increment pursuant to the DDA and the DA to any IFD Debt or other Public Financing outstanding at any time and (iii) the prior and superior pledge of the Net Available Increment for the uses set forth in the Financing Plan (including, but not limited to, the payment to the Developer for the financing of Qualified Project Costs pursuant to the DDA and the DA), all of the Net Available Increment is hereby pledged to secure the Authority's obligation to make Installment Payments to the Navy in accordance with the Promissory Note for the Initial Consideration in the manner set forth in Clause Third of Section 3.02(a). Said pledge shall constitute a lien on and security interest in the Net Available Increment and shall attach, be perfected and be valid and binding from and after the date hereof, without any physical delivery thereof or further act. Except for the Net Available Increment, no funds or properties of the City or the Pledging IFD shall be pledged to, or otherwise liable for, the satisfaction of the City's obligations, on behalf of the Pledging IFD, under this Subordinate Pledge Agreement.

Section 3.02. IFD Pledge Payments.

(a) The City, on behalf of the Pledging IFD, will establish a special fund (the "**Special Fund**"), which will be held by the City, on behalf of the Pledging IFD. Because the City, on behalf of the Pledging IFD, anticipates that any IFD Debt with a fixed interest rate will have a principal payment date of September 1 with interest payments on March 1 and September 1, the City, on behalf of the Pledging IFD, hereby establishes an "**IFD Debt Year**" for purposes of this Subordinate Pledge Agreement as the 12-month period ending on September 1. If for any reason the IFD Debt has a different principal payment date, the IFD Debt Year will be revised to terminate on the principal payment date.

The City, on behalf of the Pledging IFD, will deposit all of the Net Available Increment received by the Pledging IFD in an IFD Debt Year into the Special Fund and will apply amounts in the Special Fund as follows, with each obligation to be satisfied in its entirety before Net Available Increment is applied to the next obligation:

First: Pay or set aside the amount of such Net Available Increment that is needed in that IFD Debt Year to pay debt service on any outstanding IFD Debt or other Public Financing secured by such Net Available Increment, or to replenish a debt service reserve fund for any such outstanding IFD Debt or other Public Financing.

Second: Repay the City for the use of any Conditional City Increment allocated to the Pledging IFD in order to pay debt service on any IFD Debt of such Pledging IFD.

Third: Apply the Net Available Increment without restriction by this Subordinate Pledge Agreement to any other purposes and in the priority set forth in the Financing Plan, including, but not limited to, paying or reimbursing Developer for Qualified Project Costs. However, only upon the occurrence of and for the duration of any event of default by Developer under the DDA that causes a default in the payment of an Installment Payment, the City, on behalf of the Pledging IFD, agrees to withhold from Developer all Net Available Increment to be paid to Developer pursuant to this Clause Third and apply such withheld Net Available Increment to pay to the Navy an amount equal to any deficiency in amounts payable to the Navy by the Authority for the Installment Payment due in that or any previous IFD Debt Year. Any such payment to the Navy described in this Clause Third is referred to in this Subordinate Pledge Agreement as an “**IFD Pledge Payment.**”

(b) On the final day of each IFD Debt Year, any Net Available Increment remaining in the Special Fund after payment of the amounts required above shall be released from the pledge and lien hereunder and shall be used by or on behalf of the Pledging IFD for any other purposes and in the priority set forth in the Financing Plan.

ARTICLE IV

COVENANTS OF THE CITY

Section 4.01. Punctual Payment. The City, on behalf of the Pledging IFD, will punctually pay or cause to be paid to the Navy the IFD Pledge Payments in strict conformity with the terms of this Subordinate Pledge Agreement, and the City, on behalf of the Pledging IFD, will faithfully observe and perform all of the conditions, covenants and requirements of it under this Subordinate Pledge Agreement.

Section 4.02. No Limit on IFD Debt; Public Financing. Nothing in this Subordinate Pledge Agreement shall in any way limit the City, on behalf of the Pledging IFD, or the Pledging IFD from pledging the Net Available Increment to or issuing IFD Debt or any other Public Financing for the purpose of financing Qualified Project Costs.

Section 4.03. Protection of Security. The City, on behalf of the IFD, agrees to contest any assertion by any officer of any governmental entity or any other person with respect to the enforceability of the City's obligations on behalf of the Pledging IFD hereunder. From and after execution and delivery of this Subordinate Pledge Agreement, the City's obligations hereunder on behalf of the IFD shall be incontestable by the City.

Section 4.04. Further Assurances. The City, on behalf of the Pledging IFD, will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the obligations on its part under this Subordinate Pledge Agreement.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) Failure by the City, on behalf of the Pledging IFD, to make IFD Pledge Payments when and as the same shall become due and payable.

(b) Failure by the City, on behalf of the Pledging IFD, to observe or perform any of its obligations under this Agreement or if the City is otherwise in breach of this Agreement, after having been provided written notice and failing to cure the default within thirty (30) days after such notice.

(c) The filing by the Pledging IFD of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Pledging IFD, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Pledging IFD or of the whole or any substantial part of its property.

If an Event of Default has occurred and is continuing, the Navy may exercise any remedies available to the Navy in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the Navy shall give notice of such Event of Default to the City by telephone, fax or other telecommunication device, promptly confirmed in writing.

Section 5.02. No Waiver. Nothing in this Article V or in any other provision of this Subordinate Pledge Agreement shall affect or impair the obligation of the City, which is absolute and unconditional, to apply Net Available Increment as set forth in this Subordinate Pledge Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Navy to institute suit to enforce such payment by virtue of the contract embodied in this Subordinate Pledge Agreement.

A waiver of any default by the Navy shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Navy to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Navy by this Article V may be enforced and exercised from time to time and as often as shall be deemed expedient by the Navy.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Navy, the City and the Navy shall be restored to

their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 5.03. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Navy is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Limited Liability for the Installment Payments. Neither the City nor the Pledging IFD shall have any liability for payment of the Installment Payments except as set forth in Sections 3.01 and 3.02 hereof.

Section 6.02. Benefits Limited to Navy. Nothing in this Subordinate Pledge Agreement, expressed or implied, is intended to give to any person other than the Navy any right, remedy or claim under or by reason of this Subordinate Pledge Agreement. All covenants, stipulations, promises or agreements in this Subordinate Pledge Agreement contained by and on behalf of the City, on behalf of the Pledging IFD shall be for the sole and exclusive benefit of the Navy.

Section 6.03. Successor is Deemed Included in All References to Predecessor; Assignment. Whenever in this Subordinate Pledge Agreement any of the City, the Pledging IFD or the Navy is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Subordinate Pledge Agreement contained by or on behalf of the City, on behalf of the Pledging IFD, or on behalf of the Navy shall bind and inure to the benefit of the successors and assigns of the City, the Pledging IFD, or the Navy, respectively, whether so expressed or not.

The City shall not assign any of its rights or responsibilities on behalf of the Pledging IFD under this Subordinate Pledge Agreement without the prior written consent of the Navy.

Section 6.04. Amendment. This Subordinate Pledge Agreement may be amended by the City, on behalf of the IFD, with the prior written consent of the Navy.

Section 6.05. Waiver of Personal Liability. No member, officer, agent or employee of the City or the Pledging IFD shall be individually or personally liable for the obligations of the City on behalf of the Pledging IFD under this Subordinate Pledge Agreement; but nothing contained in this Subordinate Pledge Agreement shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 6.06. Notices. All written notices to be given under this Subordinate Pledge Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other in writing from time to time. Notice shall be effective 48 hours after deposit in the United States mail, postage prepaid or, in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the Navy:

At the addresses set forth in the EDCMOA

If to the City:

[to come]

Section 6.07. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Subordinate Pledge Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the remainder of this Subordinate Pledge Agreement.

Section 6.08. Applicable Law. This Subordinate Pledge Agreement shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the City, on behalf of the Pledging IFD, intending to be legally bound hereby, has caused its duly appointed representatives to execute this Subordinate Pledge Agreement as of the date set forth above.

CITY AND COUNTY OF SAN FRANCISCO, for and
on behalf of [Pledging IFD]

By: _____
Name: _____
Title: _____

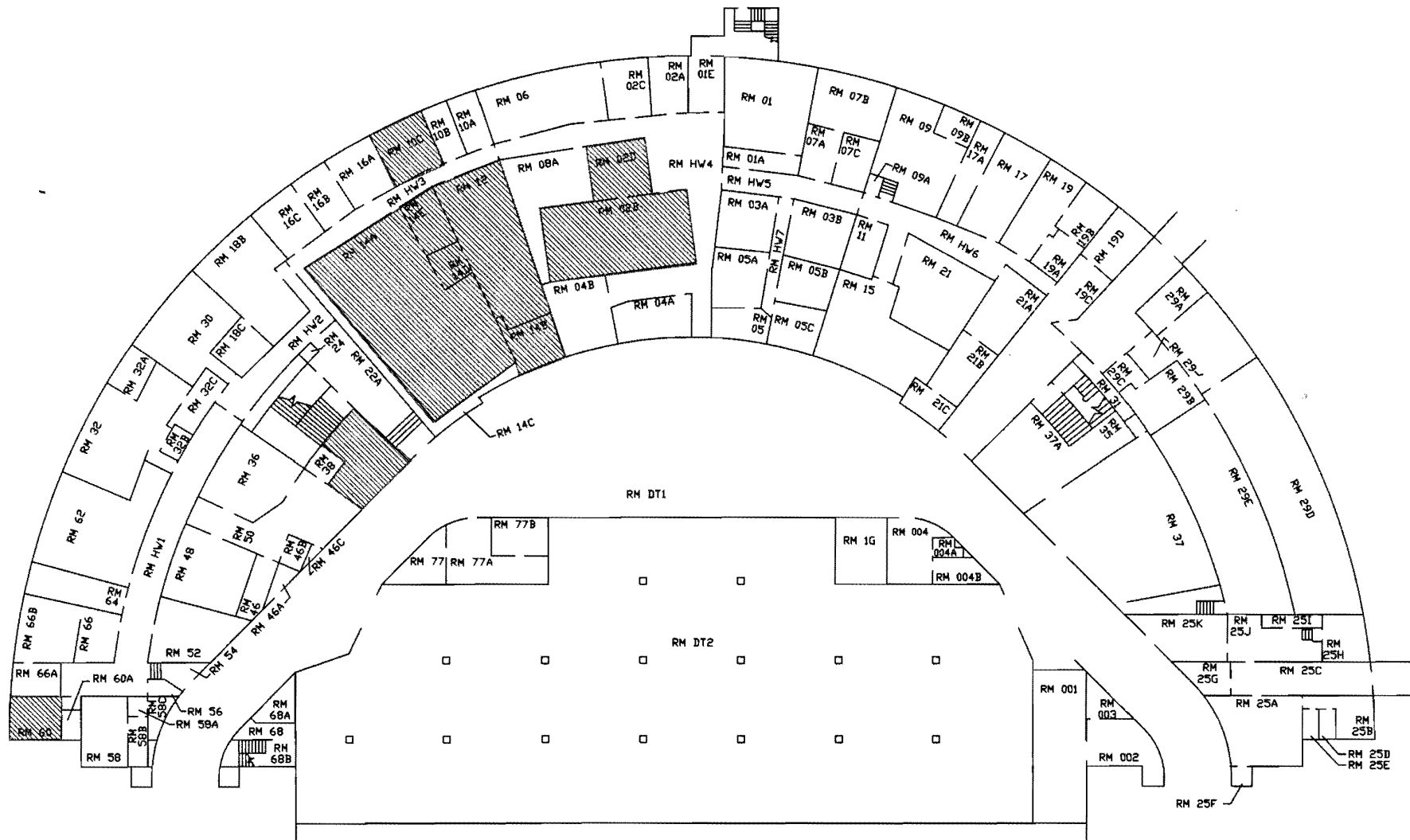
Approved as to form:

DENNIS J. HERRERA,
City Attorney

By: _____
Name: _____
Deputy City Attorney

Approved on _____

Board of Supervisors Ordinance No. _____



BLDG 1 BASEMENT
 NAVY CARETAKER SITE OFFICE Occupied Space

NAVY OFFICE PROVISIONS

THESE NAVY OFFICE PROVISIONS shall be effective on the Commencement Date described below and are by and between the Parties to the Economic Development Conveyance Memorandum of Agreement (“EDC MOA”) to which these Office Provisions are attached and made a part therein, specifically the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California non-profit public benefit corporation, its successors and assigns (“TIDA”) and THE UNITED STATES OF AMERICA, acting by and through the Department of the Navy (“Navy”).

ARTICLE 1
DEFINITIONS

The terms used in these Office Provisions shall have the meaning set forth in Exhibit A (“Definitions”) to the EDC MOA and as set forth below.

The words “include”, “including” and “such as” shall each be construed as if followed by the phrase “without being limited to”. The words “herein”, “hereof”, “hereby”, “hereunder” and words of similar import shall be construed to refer to these Office Provisions as a whole and not to any particular article or subdivision thereof unless expressly so stated. Words and phrases used in the singular shall be deemed to include the plural and vice versa and nouns and pronouns used in any particular gender shall be deemed to include any other gender, as the sense of the context may permit.

“Building One” or “the Building” shall mean Building One located at One Avenue of the Palms, Treasure Island, San Francisco, CA 94130.

“Business Days” shall mean all days, excluding Saturdays, Sundays and all days observed by the state or federal government as legal holidays.

“Commencement Date” shall mean the date that TIDA acquires fee title to Building One from the Navy. Upon TIDA’s request, Navy shall execute a memorandum confirming the Commencement Date.

“Navy” shall mean the United States of America or any permitted assignee or other successor in interest (immediate or remote) of Navy herein named, when Navy herein named or such assignee or other successor in interest, as the case may be, is in possession of the demised premises as owner of the Navy’s estate and interest granted by these Office Provisions.

“Premises” shall mean space on the first and basement floors of Building One shown in Exhibit K-1 of the EDC MOA, comprising approximately 4,300 square feet of office space and 4,000 square feet of space for storage of files.

“Term” shall mean the period from (i) the Commencement Date through (ii) the Termination Date, unless terminated earlier by the Navy, or such earlier date that these Office Provisions may terminate in accordance with its terms.

“Termination Date” shall mean the day immediately preceding the 7 year anniversary of the Commencement Date, subject to adjustment in accordance with Article 12 hereof.

“Utilities” shall mean gas, electricity, heat, cooling, telephone, high speed internet, janitorial services, water, waste disposal, refuse collection and other utility-type services furnished to Navy or the Premises by TIDA, or otherwise billed to TIDA for use of the Premises and not directly billed to Tenant or the Premises, together with all related installation or connection charges or deposits.

“Utilities Charge” shall mean the estimated utility costs outlined below, subject to adjustment in accordance with Section 3(G and H).

Navy Utilities Use at Treasure Island						
						November 2013
Notes	Use	Consumption (monthly)	units	rate	Monthly cost	Annual cost
[1]	Electricity for CSO (Bldg 1)	9	MWH	\$ 142.75	\$ 1,284.75	\$ 15,417.00
[2]	Natural Gas for CSO (Bldg 1)	74	MCF	\$ 6.00	\$ 444.00	\$ 5,328.00
[3]	Water for CSO	6	KGAL	\$ 5.40	\$ 32.40	\$ 388.80
[4]	Sewer for CSO	6	KGAL	\$ 5.75	\$ 34.50	\$ 414.00
	TOTAL				\$ 1,795.65	\$ 21,747.80

Notes:

1. Bldg 1 = 10 W/sqft x 3,500 sqft, 12 hrs per day, 22 days per month = 9.24 MWH/month
2. 30 btu`s/sqft/hr x 3,500 sqft, 24 hrs per day, 365 days per year = 77 (1,020 btu = 1 cf)
3. 30 GPD/person, 22 days per month assuming average staff of 9 =5.940 KGAL
4. Equal to domestic water consumption by CSO

ARTICLE 2 **AGREEMENT**

These Office Provisions, in accordance with Article 13 of the EDC MOA, provides for the use by the Navy of space and facilities located at the former Naval Station Treasure Island (“NSTI”), located in San Francisco, California, to serve as the Navy caretaker site office for the Term set forth on page one of these Office Provisions. None of these Office Provisions shall be deemed to have been waived by TIDA or Navy unless such waiver is in a signed writing. These Office Provisions may not be modified or discharged, except in writing.

ARTICLE 3 **USE**

(A) Navy shall have the exclusive use of the Premises.

(B) The Navy shall have the right to 6 reserved parking spaces in close proximity to Building One. The Navy shall have access to restroom facilities and other common area spaces which are available to other Building One tenants.

(C) Navy shall have the right to use all streets, roads, parking areas, entrances, exits, corridors and stairways as necessary for ingress and egress to the Premises.

(D) Navy shall be responsible for operations, basic upkeep, and maintenance of the Premises, and its facilities and equipment contained therein.

(E) Navy may use the Premises only for executive and administrative offices and for no other purposes. Such uses include but are not limited to offices, meeting rooms, file storage, computer equipment, and telecommunications facilities. Navy shall keep the Premises clean and remove all rubbish from the Premises, at Navy's sole cost and expense. Navy shall have the right to access the property at any time, subject to TIDA's reasonable rules and regulations regarding security.

(F) The Premises shall not include any common areas of the Building or any rooms used by TIDA for mechanical, heating or air conditioning equipment or for storage by TIDA, and Navy shall not use or keep or store anything in any such rooms in the Building, but the Navy shall have access to common areas as set forth herein.

(G) Navy agrees to pay to TIDA, monthly or quarterly the Utilities Charge for the Premises. This Utilities Charge is based upon terms generally applied to other TIDA tenants or established based on uses and equipment within the Premises which have been reviewed and agreed upon by both parties.

(H) Upon prior written notice to the Navy, TIDA shall have the right, from time to time, to propose a change to the Utilities Charge when such proposed change is reasonable, justified, and not discriminatory and either: (i) a survey of Navy's Utilities usage, such survey to be prepared by a reputable, independent electrical consultant selected by TIDA and at TIDA's sole cost and expense, with the Navy having the right to have representation during the inspection and test, indicates that Navy's actual utility demands and consumption exceeds the Utilities Charge set forth above; or (ii) TIDA's cost for Utilities service increases based on the utility supplier's approved rate change. Any TIDA rate changes applied to the Navy will be applied to all TIDA tenants consistently. TIDA shall provide reasonable notice to the Navy and coordinate any requests for utility outages and interruptions with the Navy. While TIDA shall use reasonable diligence to provide a regular and uninterrupted supply of service and endeavor to keep the duration of any utility interruptions to a minimum and outside occupied periods whenever possible, TIDA shall not be in default hereunder or be liable for any damages, consequential or otherwise, directly or indirectly resulting from:

- (i) the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services;
- (ii) the failure to furnish or delay in furnishing any such services;
- (iii) the limitation, curtailment, rationing of restrictions as implemented by the utility provider on use of water, electricity, gas or any other form of energy serving the Premises; or
- (iv) the interruption in services as a result of acts of God or any interruption in services which occurs as a result of the making of alterations, repairs or improvements to the Premises or the Building.

In the event that TIDA, at Navy's request, provides services to the Navy that are not otherwise provided for in these Office Provisions, Navy shall pay TIDA's reasonable charges for such services upon billing therefore.

(I) Navy represents that Navy's use of Utilities will be consistent with the normal usage of customers of a similar rate class or size.

(J) Navy shall not cause or permit any excessive noise, vibration or electrical interference, including without limitation music, or the playing of musical instruments, recordings, radios or television, or the installation or presence of machines or mechanical equipment which, in the reasonable judgment of TIDA, might unreasonably disturb other tenants of the Building.

(K) Navy shall not cause or permit any unusual or objectionable fumes, vapors or odors to emanate from the Premises which would annoy other tenants or create a public or private nuisance. Except as expressly provided under these Office Provisions, no cooking shall be done in the Premises, except that to the extent permitted by applicable legal requirements for pantries, the Premises may include microwave and convection ovens, coffee and tea-making machines and the like for the convenience of Navy's employees and visitors.

ARTICLE 4
PAYMENT

(A) Except as expressly provided in these Office Provisions, Navy's use of the Premises shall be at no cost to the Navy for a period of seven (7) years from the Commencement Date.

(B) Navy shall be responsible for its cost of all Utilities serving the Premises, subject to Sections 3(G) and 3(H). TIDA, at its expense, shall furnish, install, operate, and maintain all facilities required to furnish service hereunder in a manner consistent with TIDA's current property management practices.

ARTICLE 5
CONDITION OF PREMISES

Navy has inspected the Premises and accepts them "as is". Neither TIDA nor its agents have made any representations as to the condition of the Building or the Premises or to any other matter related to the Premises (except as herein expressly set forth). The taking of possession of the Premises shall be conclusive evidence that the Premises and the Building were in good and satisfactory condition at such time. TIDA has no obligation to prepare the Premises for Navy's occupancy.

ARTICLE 6
COMPLIANCE WITH LAW AND RULES

In the conduct of Navy's business and in Navy's use of the Premises and common areas, Navy must comply with all applicable laws and Building Rules and Regulations, except to the extent TIDA approves exceptions thereto, in its reasonable discretion, if necessary for Navy to

conduct its activities. TIDA reserves the right to prescribe the weight and position of all safes and mechanical equipment. Navy shall give prompt notice to TIDA of any notice Navy receives of the violation of any law or requirement of any public authority with respect to the Premises, or the use or occupation thereof. Navy, at its expense, shall procure and maintain any applicable governmental license or permit required for the proper and lawful conduct of the Navy's business in the Premises and post the same at the Premises or submit the same to TIDA for inspection from time to time upon demand, and Navy shall at all times comply with the terms and conditions of each such license and/or permit.

ARTICLE 7
DAMAGES

Navy shall take good care of all parts of the Premises, including equipment, fixtures, appurtenances, fittings and furnishings therein. Navy shall repair and maintain all parts of the Premises. Navy must not alter any part without TIDA's prior written consent, subject to the provisions of Article 29. Navy is liable for any damage caused by Navy or those on the Premises with Navy's permission to the extent provided in the Federal Tort Claims Act or other applicable laws. TIDA is responsible for documenting existing conditions.

ARTICLE 8
TIDA'S OBLIGATIONS

(A) Navy shall have the obligation to maintain and repair the Premises, and to perform any replacements necessary or advisable, during the Term. There shall be no liability on TIDA's part for inconvenience or injury arising from such repairs or improvements. TIDA has the right at any time to make changes to the exterior of the Building and interior of the Building outside of the Premises without incurring liability. TIDA maintains the right to impose controls on access to the Building by Navy's visitors as TIDA deems necessary for the Building's security without incurring liability. TIDA's controls will not impede normal Navy business.

(B) Notwithstanding the foregoing, the Navy shall not have any obligation to perform structural repairs to the Premises (meaning to columns, beams, exterior walls (excluding windows) or floor slabs) except those that shall be caused by Navy's acts, and TIDA shall perform any repairs necessary so the roof remains leak free during the Term, but shall not be obligated to perform any capital improvements to the roof.

(C) These Office Provisions and Navy's obligations hereunder shall in no way be affected or excused because TIDA is unable to fulfill any of TIDA's obligations if TIDA is prevented or delayed from so doing due to any cause beyond TIDA's reasonable control (e.g. strike or labor troubles, government preemption related to a national emergency, any order from a government agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency).

(D) TIDA is responsible to ensure that operable utilities are available to the Premises for the Navy to connect to.

ARTICLE 9
TIDA'S RIGHTS

TIDA shall have the right to enter the Premises at reasonable hours and with reasonable advance notice to show to prospective tenants, investors, purchasers and mortgagees of the Building, and to inspect the Premises. Reasonable notice shall mean at least 24 hours except in the event of an emergency. TIDA shall have the right to perform construction work, improvements and repairs in and around the Building at all times as TIDA deems necessary in its sole and absolute discretion. TIDA shall have the right from time to time to make changes to the Building, provided that no such change shall prevent the ordinary manner of operation of Navy's business in the Premises in accordance with the terms of these Office Provisions.

ARTICLE 10
EXCULPATION

Neither TIDA, nor any parent, subsidiary or affiliate of TIDA, nor any of their employees, agents, officers, members, managers, directors, and shareholders, shall be liable for any damage or claim with respect to any injury to persons or any damage to, or loss or destruction of any property of Navy, Navy's employees or Navy's guests, arising under these Office Provisions, unless due to gross negligence or willful misconduct on TIDA's part.

ARTICLE 11
DEFAULT

Default by either party to these Office Provisions shall be subject to the terms and conditions set out in the EDC MOA.

ARTICLE 12
ADJUSTMENT OF TERMINATION DATE

(A) At the expiration of the initial seven (7) year occupancy period, Navy may elect to terminate its occupancy or to renew its occupancy at fair market rent, to be determined by TIDA based upon the highest and best use permitted for the occupied space, and based upon rental rates for similar space at Treasure Island, for a renewal term not to exceed five (5) years. Navy shall provide TIDA with written notice of its election to renew its occupancy not less than one hundred eighty (180) days prior to the Termination Date. Within sixty (60) days after TIDA's receipt of Navy's election to renew, TIDA shall provide Navy with written notice of the fair market rent for the Premises. Within sixty (60) days after Navy's receipt of the notice of fair market rent for the Premises, Navy shall notify TIDA of its acceptance of the fair market rent or its dispute of the fair market rent, as described Article 27 of the EDC MOA for disputes not otherwise subject to Section 27.3.2. If TIDA can show 3 comparable market rates on Treasure Island the dispute is resolved in TIDA's favor. If Navy accepts the fair market rent, the renewal shall be on all of the terms of these Provisions except as provided in this Article 12 with respect to the fair market rent and the renewal term, and Navy shall have no further rights to renew its occupancy. If Navy does not notify TIDA of its acceptance or dispute of the fair market rent within such sixty (60) day period, Navy's right to renew its occupancy shall terminate and be of

no further force and effect, and Navy shall surrender the Premises to TIDA on the Termination Date in accordance with these Office Provisions.

(B) Navy may terminate its occupancy at any time upon thirty (30) days written notice.

ARTICLE 13 **TERMINATION**

(A) The termination of Navy occupancy for any reason shall not affect any rights, obligations or liabilities which have accrued under these Office Provisions on or before the effective date of such termination. Upon termination, each party shall promptly pay to the other party all amounts then due and payable under these Office Provisions and Navy shall have no obligation to pay amounts under these Office Provisions accruing after the date of termination.

(B) Upon expiration or termination of these Office Provisions, and to the extent directed by TIDA, Navy shall restore the Premises to the same or as good condition as existed on the date of entry under these Office Provisions, reasonable wear and tear excepted. Navy, at its sole and complete discretion, shall determine the disposition of personal property upon expiration or termination of the Term.

(C) Upon the expiration or earlier termination of the Term, Navy may remove any of Navy's personal property (including furniture). All property remaining in the Premises after Navy's removal shall be deemed abandoned and shall become the property of TIDA. Any objects of personal property left outside of the Premises will be discarded, at Navy's expense. TIDA will not be liable for any damage to or loss of objects left outside of the premises.

(D) Navy may terminate a portion of the Premises at any time with thirty (30) days notice. All requirements in Article 13 apply to the area being vacated. The pertinent Attachments to these Office Provisions will be modified to show appropriate changes, such as the Utilities Charge, the Navy used space, etc. All changes will be agreed upon by TIDA and the Navy.

(E) If the last day of the Term falls on Sunday, these Office Provisions shall expire at noon on the preceding business day.

ARTICLE 14 **HOLDOVER**

Navy agrees that if possession of the Premises is not surrendered to TIDA on or prior to the date of termination of these Office Provisions, Navy shall pay to TIDA on account of use and occupancy of the Premises with respect to each month and each portion of any month during which Navy holds over in the Premises after the date of termination of these Office Provisions, the then fair market value of the Premises. Nothing in this Article 14 shall prevent TIDA from exercising any other rights at law or equity in the event of a holdover.

ARTICLE 15
[RESERVED]

ARTICLE 16
[RESERVED]

ARTICLE 17
GOVERNING LAWS

The laws of the State of California govern these Office Provisions.

ARTICLE 18
ASSIGNMENT

(A) Navy shall not, whether voluntarily, involuntarily, or by operation of law or otherwise (i) assign its rights or delegate its duties under these Office Provisions (whether by operation of law or otherwise), (ii) sublet or license, or permit the subletting or licensing of, the Premises or any part thereof, (iii) permit the Premises or any part thereof to be occupied or used for desk space, mailing privileges or otherwise, by any person other than Navy, (iv) mortgage, pledge, encumber in any manner by reason of any act or omission on the part of Navy or any of its affiliates or designees or otherwise hypothecate the Premises or any part thereof, or (v) assign or otherwise encumber any rents or other sums receivable by Navy under any sublease of all or any part of the Premises, without in each instance obtaining the prior written consent of TIDA, which may be given or withheld in TIDA's sole discretion.

(B) TIDA shall have the right to assign its interest in the Building, or to another building to which the Navy is relocated in accordance with Article 25 hereof, to Treasure Island Community Development, LLC or its successors or assigns, by leasehold or other instrument, so long as TIDA retains rights under the applicable leasehold or other instrument that will enable TIDA to satisfy its obligations to provide the Premises (or such relocation Premises as applicable) and the six reserved parking spaces in accordance with the terms of these Navy Office Provisions and Section 13.1 of the EDC MOA.

ARTICLE 19
NOTICES

Notice under these Office Provisions shall be delivered by hand or sent by recognized overnight courier service to the following addresses:

If to TIDA: Treasure Island Development Authority
One Avenue of the Palms, Suite 241
Treasure Island
San Francisco, CA 94130
Attn: Treasure Island Project Director

with a copy to: Office of the City Attorney
City and County of San Francisco
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Real Estate Team Leader

If to Navy: The United States of America
at the Premises.

with a copy to: Department of the Navy
NAVFAC HQ
Base Realignment and Closure
Program Management Office West
1455 Frazee Road, Suite 900
San Diego, CA 92108
Attn: Director

Notices shall be deemed effective, if delivered by hand, upon delivery and, if sent by courier service, one day after such notices are deposited with the courier service.

ARTICLE 20
SIGNAGE

(A) Navy shall have the right to install signage identifying Navy on the front door of the Premises, provided that the design and content of such signage shall be subject to TIDA's prior written consent, not to be unreasonably withheld.

(B) Navy acknowledges that TIDA may maintain listings in a Building directory or in the lobby of the Building of the names of Navy and other occupants of the Building, and if TIDA maintains such listings, TIDA shall, at Navy's request, name Navy on such listings. The listing of any name other than that of Navy, whether on signage on the front door of the Premises, in the Building directory, in the lobby, or otherwise, shall not operate to vest any right, title or interest in these Office Provisions or in the Premises (or any portion thereof) in someone other than Navy or to be deemed the consent of TIDA within the meaning of this Article 20.

ARTICLE 21
[RESERVED]

ARTICLE 22
ESTOPPEL CERTIFICATE

At any time, upon at least ten (10) days' prior notice by TIDA, Navy shall execute, acknowledge and deliver to TIDA, and/or to any other person, firm or corporation specified by TIDA, a statement certifying that these Office Provisions are unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), stating whether or not there exists any default by TIDA under these Office Provisions, and, if so, specifying each such default.

ARTICLE 23
CASUALTY

(A) If the Premises or any part thereof shall be damaged by fire or other casualty, Navy shall give immediate notice thereof to TIDA and these Office Provisions shall continue in full force and effect, except as hereinafter set forth.

(B) If all or a portion of the Building is damaged or rendered unusable by fire or other casualty, TIDA shall have the right to relocate the Premises in accordance with Article 25 hereof by written notice to Navy given within ninety (90) days after such fire or other casualty.

ARTICLE 24
SUCCESSORS

The covenants contained in these Office Provisions shall bind and inure to the benefit of Navy and Navy's respective heirs, distributees, executors, administrators, and successors.

ARTICLE 25
RELOCATION

In accordance with Article 13 of the EDC MOA, after the Initial Conveyance and when the Premises occupied by the Navy in Building One is required by TIDA for implementation of the development project, TIDA shall have the right to relocate the Premises to another location within Building One or to one of the buildings known as the Great Whites, or to any other adequate location on Treasure Island or Yerba Buena Island.

If TIDA determines that the Premises must be relocated, TIDA shall give Navy six (6) months prior notice and a written description of the relocation space. The relocation premises shall be in contiguous space and substantially equivalent to the then-existing Premises, including access to utilities and security, provided that the relocated storage space may be located in one or more non-contiguous spaces.

TIDA shall bear any reasonable costs incurred by TIDA to physically relocate Navy to any relocation space, and shall be responsible for the cost of standard tenant improvements for the relocation consistent in quality with the current Premises. Reasonable costs and standard

tenant improvements, as those terms are used herein, shall include but not be limited to the cost of providing access to all utilities at the relocation space including to a dedicated T1 transmission line and the cost of establishing Navy Marine Corps Intranet (NMCI) connectivity to the T1 transmission line consistent in scope and quality with the current Premises. The Navy requires controlled access to the NMCI server and associated equipment. Specifically TIDA is also responsible for safely packing, moving and unpacking all furniture, computers, computer equipment, files, Navy property, and Navy personnel property, except as designated by the Navy. TIDA is responsible to ensure access to all utilities, internet, phone, and communication services to the relocation space as required for Navy use consistent in scope and quality with the current Premises. The new location will have adequate natural lighting and reasonable security to ensure the protection and safety of Navy personnel and property. TIDA shall perform all coordination with SHPO, if necessary, for any alterations required at the Great Whites to facilitate Navy relocation. The Navy is not in default of these Office Provisions if the relocation space is not suitable for functional Navy use after the 6 months' notice, including connectivity to NMCI.

ARTICLE 26
[RESERVED]

ARTICLE 27
[RESERVED]

ARTICLE 28
HAZARDOUS SUBSTANCES

(A) Navy agrees not to generate, store, manufacture, refine, transport, treat, dispose of, or otherwise permit to be present on or about the Premises any Hazardous Substances. "Hazardous Substances" shall be defined as any "hazardous chemical" or "hazardous substance" or similar term as defined in any applicable federal, state or local law, rule or regulation dealing with environmental protection, except as may be permitted by all applicable laws and regulations for ordinary office chemicals and supplies generally used and available for unrestricted public consumption. It is understood that the provisions in this paragraph shall be applicable notwithstanding the fact that any substance shall not be deemed a Hazardous Substance at the time of execution of these Office Provisions but shall thereafter be deemed to be a Hazardous Substance.

ARTICLE 29
ALTERATIONS

(A) Navy shall make no changes in or to the Premises without TIDA's prior written consent, not to be unreasonably withheld, provided that Navy shall be permitted to make non-structural, minor, decorative changes in or to the Premises without TIDA's consent. Subject to TIDA's prior written consent, and to the provisions of this Article 29, Navy, at Navy's sole cost and expense, may make alterations, installations, additions or improvements which are non-structural and which do not affect utility services or plumbing and electrical lines ("Tenant's Changes") in or to the interior of the Premises by using contractors of mechanics first approved in each instance by TIDA. Navy shall, before making any Tenant's Changes, obtain all applicable permits, approvals and certificates required by any governmental or quasi-

governmental bodies and (upon completion) certificates of final approval thereof, and shall deliver promptly duplicates of all such permits, approvals and certificates to TIDA, and Navy will cause Navy's contractors and sub-contractors to carry, such worker's compensation, commercial general liability, personal and property damage insurance as may be required in accordance with Section 28.3 of the Federal Acquisition Regulations. In no event shall TIDA consent to, and Navy shall not request, work that would: (i) require changes to structural components of the Building or the exterior design of the Building; (ii) require any material modification to the Building's mechanical, plumbing and electrical installations or installations outside the Premises; (iii) adversely affect the proper functioning of any of the mechanical, sanitary or other service systems of the Building; or (iv) not comply with all applicable laws, rules, regulations and requirements of any governmental agency having jurisdiction over the construction of the Building and/or the Premises.

ARTICLE 30
ENTIRE AGREEMENT

These Office Provisions contain the entire agreement between the parties and all prior negotiations are merged herein. These Office Provisions may not be orally changed, modified or discharged, in whole or in part, unless such agreement is set forth in a written instrument executed by the party against whom enforcement of the change, modification or discharge is sought.

ARTICLE 31
ENFORCEABILITY

If any term, covenant, provision or condition of these Office Provisions, or the application thereof to any person or circumstances, shall be held invalid, illegal or unenforceable in any respect, the remainder of these Office Provisions, or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of these Office Provisions shall be valid and enforceable to the fullest extent permitted by law.

ARTICLE 32
QUIET ENJOYMENT

TIDA covenants and agrees with Navy that upon Navy paying the additional rent payable hereunder and observing and performing all of the terms, covenants, and conditions on Navy's part to be observed and performed hereunder, Navy may peaceably and quietly enjoy the Premises subject, nevertheless, to the terms and conditions of these Office Provision and to matters of record.

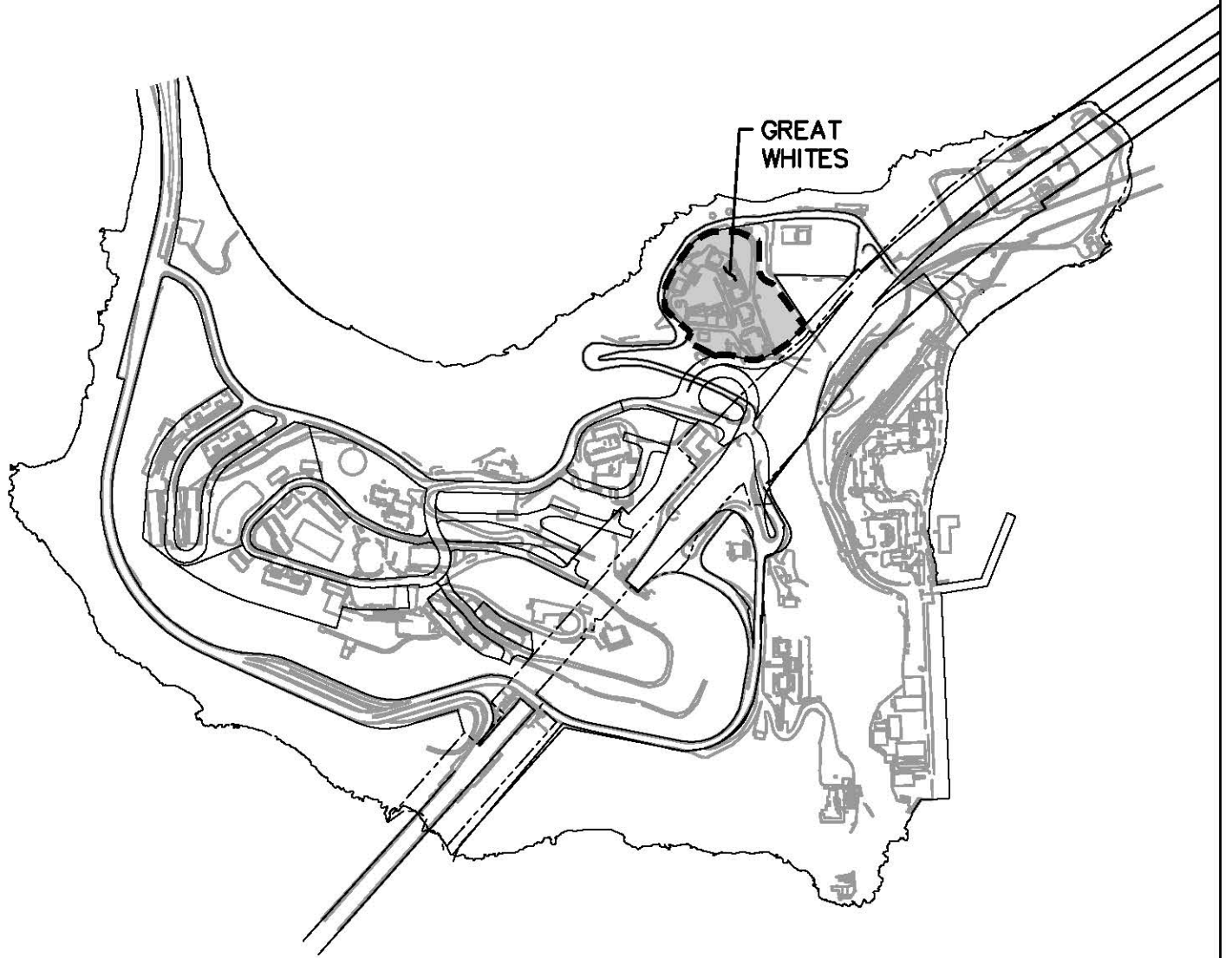
ARTICLE 33
AVAILABILITY OF FUNDS

The Navy's obligations under this Office Provision are subject to the availability of funds appropriated for such purpose. Nothing in these Office Provisions shall be construed as or constitute a commitment or requirement that the Navy obligate or pay funds in contravention of

the Anti-Deficiency Act, 31 U.S.C. Section 1341, or that Congress, at a later time, will appropriate funds sufficient to meet deficiencies.

ARTICLE 34
NON-APPROPRIATION OF FUNDS

There shall be no obligation for the payment or expenditure of money by TIDA under these Office Provisions unless there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation for the expenditure.



GREAT WHITES



0 600

Example of Pre-Development Costs Calculation

Pre-Development Costs will be calculated in Excel 2007 (or subsequent versions if Excel 2007 is unavailable) consistent with the following summary:

Outputs Version:

	quarter 1	quarter 2	quarter 3	quarter 4	quarter 5	final qtr	totals
beginning balance	N/A	500,000	1,523,318	3,094,358	4,038,663	4,727,007	
Pre-Development Costs incurred during period	500,000	1,000,000	1,500,000	800,000	500,000	1,000,000	5,300,000
accrued predevelopment return		23,318	71,040	144,306	188,344	220,445	647,452
ending balance	500,000	1,523,318	3,094,358	4,038,663	4,727,007	5,947,452	5,947,452

Formulas Version:

Col/Rows	B	C	D	E	F	G	H	
2								
3		quarter 1	quarter 2	quarter 3	quarter 4	quarter 5	final quarter	totals
4	beginning balance	N/A	=C7	=D7	=E7	=F7	=G7	
5	Pre-Development Costs incurred during period	500000	1000000	1500000	800000	500000	1000000	=SUM(C5:H5)
6	accrued predevelopment return		=D4*(1.2^(1/4)-1)	=E4*(1.2^(1/4)-1)	=F4*(1.2^(1/4)-1)	=G4*(1.2^(1/4)-1)	=H4*(1.2^(1/4)-1)	=SUM(C6:H6)
7	ending balance	=C5+C6	=SUM(D4:D6)	=SUM(E4:E6)	=SUM(F4:F6)	=SUM(G4:G6)	=SUM(H4:H6)	=SUM(I4:I6)

Notes:

- Capitalized terms have the meaning defined in the EDC MOA
- Numbers, calculations and dates are illustrative and not meant to reflect actual expenditures
- quarter 1 is the quarter the ENA was executed (Second Quarter, 2003)
- final quarter will be the quarter that the Initial Closing occurs
- predevelopment return is calculated based on a 20% annual return compounding quarterly
- using actual expenditures, the total Pre-Development Costs, inclusive of 20% return, will be set to a liquidated number equaling the ending balance under the "totals" column (Cell "I7" in the above example)

Exhibit LL - List of Master Leases

Lease	Lease #
South Waterfront	N6247498RP00P99
Treasure Island Housing (TIHDI)	N6247499RP00B19
Treasure Island Marina	N6247498RP00Q01
Land & Structures	N6247499RP42P12
Event Venues	N6247498RP00Q03
Building 502	N6871102RP02P09
Treasure Island Housing (JSCO)	N6247499RP00B05
Fire Fighting Training Center	N6247498RP00P22

RECORDING REQUESTED BY:

And when recorded, mail this deed and, unless otherwise shown below, mail tax statements to:

Treasure Island Development Authority
City and County of San Francisco
City Hall, Room 448
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Treasure Island Project Director

RECORDER STAMP

SHORT FORM NOTICE
OF
AGREEMENT

THIS SHORT FORM NOTICE OF AGREEMENT is entered into this _____ day of _____ 20__ (“Effective Date”), between the **UNITED STATES OF AMERICA**, acting by and through the Department of the Navy (the “Navy”), and the **TREASURE ISLAND DEVELOPMENT AUTHORITY**, a California non-profit public benefit corporation (“Authority”), recognized as the local redevelopment authority by the Office of Economic Adjustment on behalf of the Secretary of Defense with respect to the disposition and conveyance of portions of Naval Station Treasure Island, San Francisco, California. The Navy and the Authority are each sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS:

WHEREAS:

1. In 1993, the Defense Base Closure and Realignment Commission recommended the closure of Naval Station Treasure Island (“Treasure Island”), located within the City and County of San Francisco (“City”), which consists of approximately one thousand one hundred and eighty-seven (1,187) acres of real property, together with the buildings, improvements and related and other tangible personal property located thereon and all rights, easements and appurtenances thereto.

2. In accordance with the Defense Base Closure and Realignment Act of 1990, as amended (the “Act”), the authority of the Administrator of General Services under the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. § 541 et seq.), with respect to the disposal of surplus real property at installations closing thereunder, was delegated to the Secretary of Defense and further delegated to the Secretary of the Navy.

3. Pursuant to the power and authority provided by §2905(b)(4) of the Defense Base Closure and Realignment Act of 1990, 10 U.S.C. § 2687 note, as amended, and the implementing regulations of the Department of Defense (32 C.F.R. Part 174), the Secretary of the Navy is authorized to convey surplus property at a closing installation to the Local Redevelopment Authority for economic development purposes.

4. In accordance with the Act and the terms set forth in the *Economic Development Conveyance Memorandum of Agreement Between the United States of America, acting by and through the Department of the Navy, and the Treasure Island Development Authority for the Conveyance of the Naval Station Treasure Island*, dated _____, 2012 (“Agreement”), the Navy agreed to convey and the Authority agreed to acquire portions of Treasure Island, as more particularly described in Exhibit A attached hereto and made a part hereof;

5. The Parties agree to this Short Form Notice, which is to be recorded in order that third parties may have notice of the existence of the Agreement and the rights of the Authority under the Agreement.

AGREEMENTS:

NOW, THEREFORE, in consideration of the foregoing premises and the respective representations, warranties, agreements, covenants and conditions herein contained, the execution and delivery of the Agreement by the Parties, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby state and agree as follows:

1. The Parties have executed and delivered the Agreement. Copies of the Agreement are being held by both Parties at their respective addresses.

2. The conveyance of the Property from the Navy to the Authority will be on the terms and conditions set forth in the Agreement.

3. All of the terms, conditions, definitions, provisions and covenants of the Agreement are incorporated in this Short Form Notice by reference as though written out at length herein and the Agreement and this Short Form Notice shall be deemed to constitute a single instrument or document. The rights and obligations of the Parties shall be construed solely by reference to the provisions of the Agreement and in the event of any conflict between the provisions of the Agreement and those of this Short Form Notice, the provisions of the Agreement shall control.

4. From the Effective Date of the Agreement through the Initial Closing and any subsequent Closings, and except for environmental restrictions or land use covenants consistent with the Agreement as may be designated in the CERCLA Record of Decision, an approved Corrective Action Plan, or the FOST, the Navy shall not permit, agree to sell, encumber or grant any interest in the Navy Real Property or any part thereof in any form or manner whatsoever, or otherwise perform or permit any act that will diminish or otherwise affect the Authority’s interest

under the Agreement or to the Navy Real Property, or which will prevent the Navy's full performance of its obligations under the Agreement, without the written consent of the Authority.

5. This Short Form Notice shall inure to the sole benefit of and be binding upon the Parties and their respective successors and assigns.

6. This Short Form Notice may be executed in multiple counterparts and/or with the signatures of the Parties set forth on different signature sheets and all such counterparts, when taken together, shall be deemed one original.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties, intending to be legally bound hereby, have caused their duly appointed representatives to execute this Short Form Notice of Agreement as of the Effective Date set forth above.

WITNESS/ATTEST:

THE UNITED STATES OF AMERICA

By: _____
Name:
Title:

By: _____
Name:
Title:

Approved as to Form:

DENNIS J. HERRERA, City Attorney

**TREASURE ISLAND DEVELOPMENT
AUTHORITY**

By: _____
Name:
Deputy City Attorney

By: _____
Name:
Title:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

File No: ()

APN No:

STATE OF California)SS
COUNTY OF _____)

On _____ before me, _____ , Notary Public, personally appeared

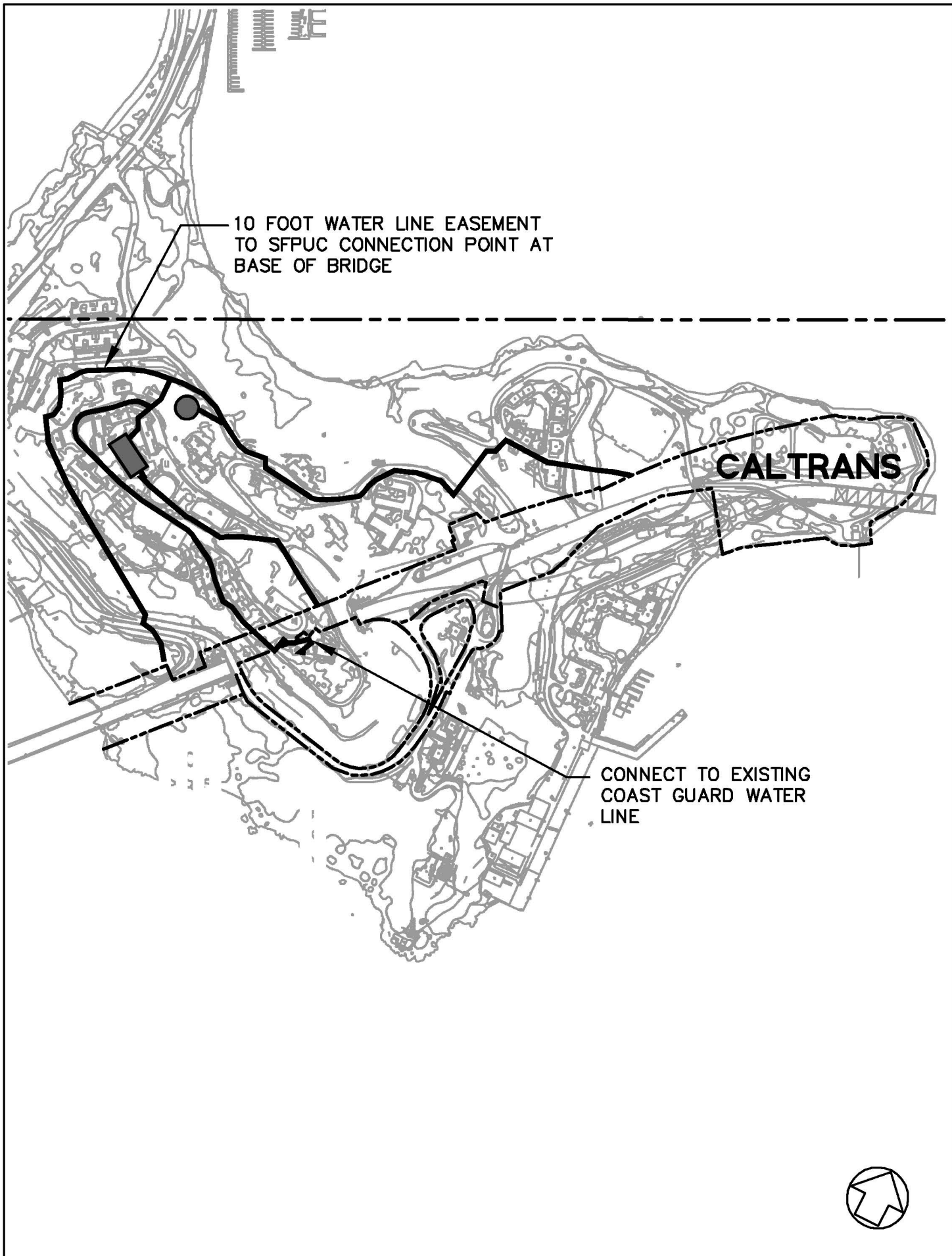
_____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

This area for official notarial seal.



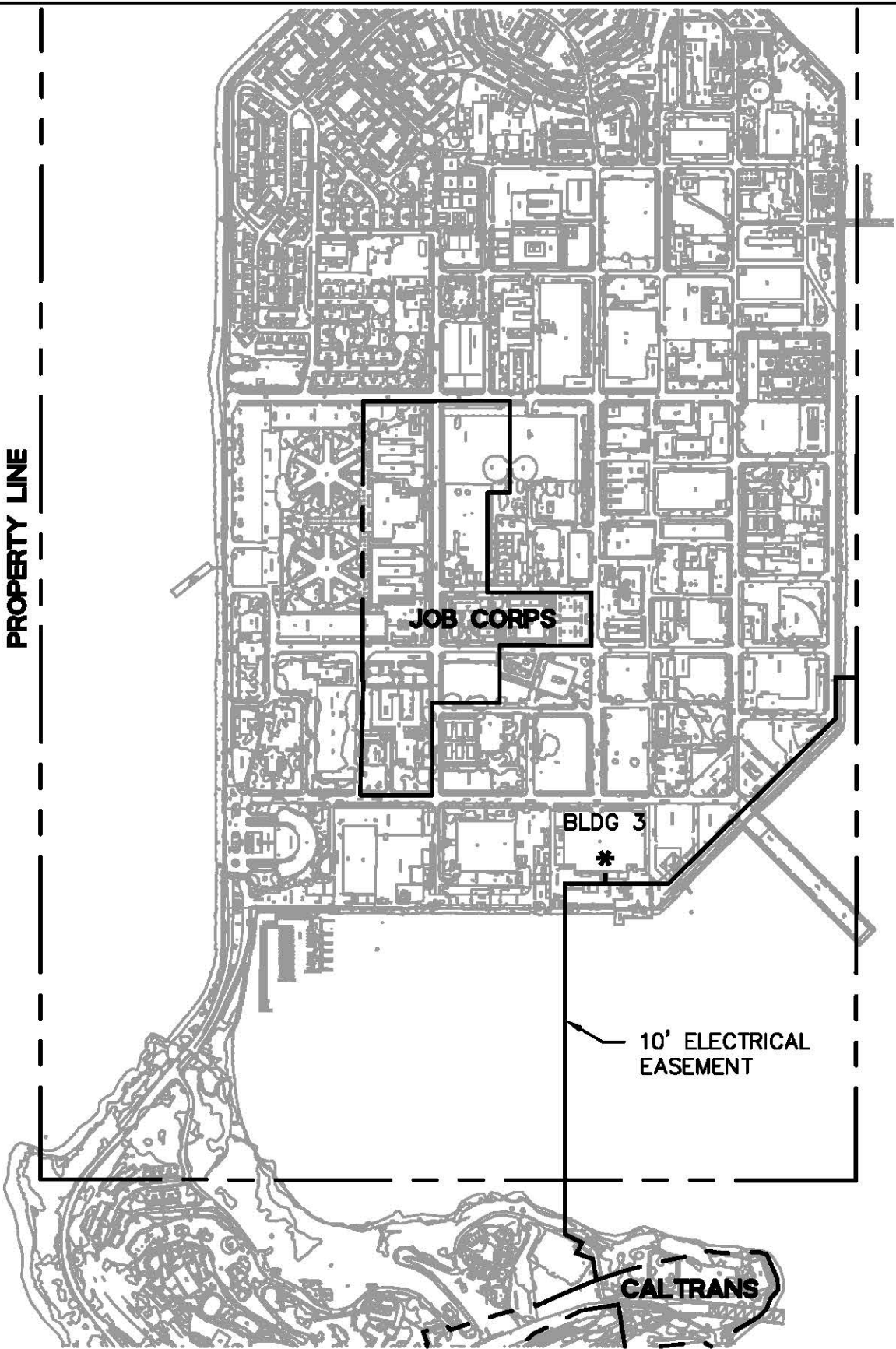
10 FOOT WATER LINE EASEMENT
TO SFPUC CONNECTION POINT AT
BASE OF BRIDGE

CALTRANS

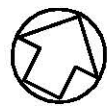
CONNECT TO EXISTING
COAST GUARD WATER
LINE



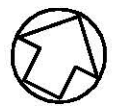
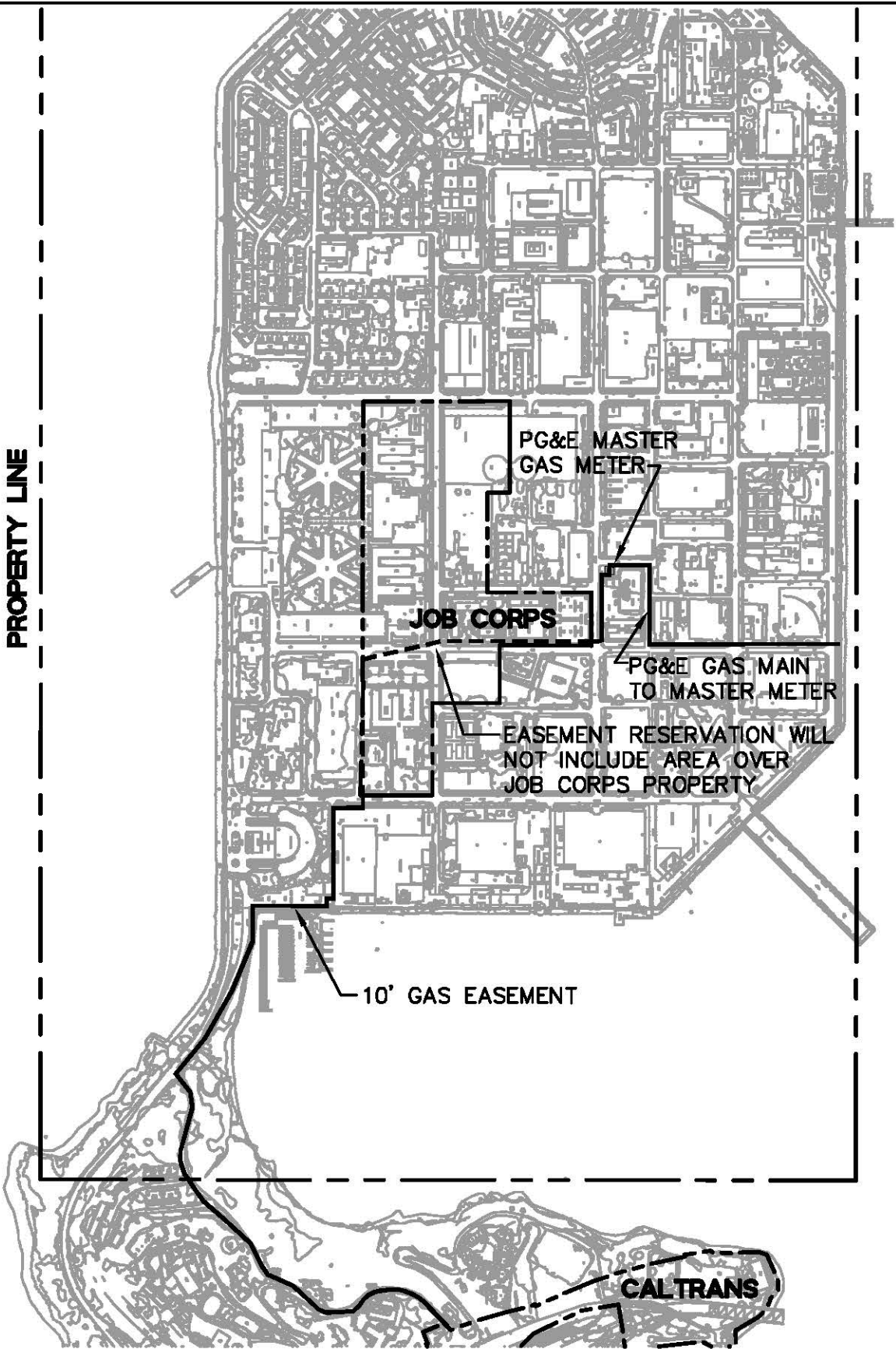
PROPERTY LINE



* PORTION OF ELECTRICAL SYSTEM SERVING
USCG MAY BE INSIDE BUILDING 3



PROPERTY LINE



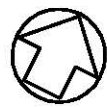
PROPERTY LINE

WASTEWATER
TREATMENT
FACILITY

JOB CORPS

10' SEWER
EASEMENT

CALTRANS



[Insert Date]

Treasure Island Development Authority
City and County of San Francisco
City Hall, Room 448
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear _____:

I have reviewed the *Economic Development Conveyance Memorandum of Agreement Between the United States of America, acting by and through the Department of the Navy, and the Treasure Island Development Authority for the Conveyance of the Naval Station Treasure Island*, dated _____, 2012 (the "Agreement").

To the best of the Government's information, knowledge and belief, I certify that all of the representations of the Government set forth in the Agreement are true and correct as of the ___ day of _____, 20___, the date of Closing.

Sincerely,

[Insert Name]
Real Estate Contracting Officer
Base Realignment & Closure Office

[Insert Date]

Mr. John Hill
Base Realignment and Closure
Program Management Office West
1455 Frazee Road
Suite 900
San Diego, California 92108-4310

Dear Mr. Hill:

I have reviewed the *Economic Development Conveyance Memorandum of Agreement Between the United States of America, acting by and through the Department of the Navy, and the Treasure Island Development Authority for the Conveyance of the Naval Station Treasure Island*, dated _____, 2012 (the "Agreement").

To the best of the Treasure Island Development Authority's information, knowledge and belief, I certify that all of the representations of the Treasure Island Development Authority set forth in the Agreement are true and correct as of the __ day of _____, 20__, the date of Closing.

Sincerely,

[Name]

[Title]

Treasure Island Development Authority

EXHIBIT P

CERTIFICATION RESOLUTIONS



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Motion No 18325
ENVIRONMENTAL IMPACT REPORT CERTIFICATION

Hearing Date: April 21, 2011
Case No.: 2007.0903E
Project Address: Treasure Island and Yerba Buena Island
Zoning: P (Public)
40-X Height and Bulk District
Block/Lot: 1939/001 and 002
Project Sponsors: Treasure Island Development Authority
Rich Hillis, Director of Development
City Hall, Room 448
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94111
and
Treasure Island Community Development, LLC
Alexandra Galovich
Wilson Meany Sullivan
Four Embarcadero Center, Suite 3300
San Francisco, CA 94102
Staff Contact: Rick Cooper – (415) 575-9027
Rick.cooper@sfgov.org

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

ADOPTING FINDINGS RELATED TO THE CERTIFICATION OF A FINAL ENVIRONMENTAL IMPACT REPORT FOR THE PROPOSED TREASURE ISLAND/YERBA BUENA ISLAND PROJECT.

MOVED, that the San Francisco Planning Commission (hereinafter "Commission") hereby CERTIFIES the Final Environmental Impact Report identified as Case No. 2007.0903E (hereinafter "Project"), based upon the following findings:

1. The City and County of San Francisco, acting through the Planning Department (hereinafter "Department") fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 *et seq.*, hereinafter "CEQA"), the State CEQA Guidelines (Cal. Admin. Code Title 14, Section 15000 *et seq.*, (hereinafter "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code (hereinafter "Chapter 31").
 - A. The Department determined that an Environmental Impact Report (hereinafter "EIR") was required and provided public notice of that determination by publication in a newspaper of general circulation on January 26, 2008.
 - B. On July 12, 2010, the Department published the Draft Environmental Impact Report (hereinafter "DEIR") and provided public notice in a newspaper of general circulation of

the availability of the DEIR for public review and comment and of the date and time of the Planning Commission public hearing on the DEIR; this notice was mailed to the Department's list of persons requesting such notice.

- C. Notices of availability of the DEIR and of the date and time of the public hearing were posted near the project site by Department staff on July 12, 2010.
 - D. On July 12, 2010, copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, to adjacent property owners, and to government agencies, the latter both directly and through the State Clearinghouse.
 - E. Notice of Completion was filed with the State Secretary of Resources via the State Clearinghouse on July 12, 2010.
2. The Commission held a duly advertised public hearing on said DEIR on August 12, 2010, at which opportunity for public comment was given, and public comment was received on the DEIR. The period for acceptance of written comments ended on September 10, 2010.
 3. The Department prepared responses to comments on environmental issues received at the public hearing and in writing during the 59-day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a Comments and Responses document, published on March 10, 2011, distributed to the Commission and all parties who commented on the DEIR, and made available to others upon request at the Department.
 4. A Final Environmental Impact Report has been prepared by the Department, consisting of the Draft Environmental Impact Report, any consultations and comments received during the review process, any additional information that became available, and the Comments and Responses document all as required by law.
 5. Following publication of the Environmental Impact Report, the Project's structure and financing were changed from a Redevelopment Plan and financing mechanism to an Area Plan to be included within the San Francisco General Plan and partial financing through an Infrastructure Financing District. These changes in turn result in the amount of affordable housing units to be reduced from approximately 2,400 units to 2,000 units. A memorandum describing these changes and other minor Project changes since publication of the EIR has been prepared and distributed by the Department which describes and evaluates these changes and presents minor amendments to the text of the EIR to reflect the changes. The memorandum demonstrates and concludes that the revisions to the Project would not substantially change the analysis and conclusions of the EIR. No new significant impacts or substantial increase in the severity of already identified significant impacts, no new mitigation measures, and no new alternatives result from these changes. Thus recirculation of the EIR for public review and comment is not required.

6. Project Environmental Impact Report files have been made available for review by the Commission and the public. These files are available for public review at the Department at 1650 Mission Street, and are part of the record before the Commission.
7. On April 21, 2011, the Commission reviewed and considered the Final Environmental Impact Report and hereby does find that the contents of said report and the procedures through which the Final Environmental Impact Report was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.
8. The Planning Commission hereby does find that the Final Environmental Impact Report concerning File No. 2007.0903E reflects the independent judgment and analysis of the City and County of San Francisco, is adequate, accurate and objective, and that the Comments and Responses document contains no significant revisions to the DEIR, and hereby does CERTIFY THE COMPLETION of said Final Environmental Impact Report in compliance with CEQA and the CEQA Guidelines.
9. The Commission, in certifying the completion of said Final Environmental Impact Report, hereby does find that the project described in the Environmental Impact Report:
 - A. Will result in the following significant and unavoidable project-specific environmental impacts:
 - 1) Alteration of scenic vistas of San Francisco and San Francisco Bay from public vantage points along the eastern shoreline of San Francisco, Telegraph Hill, the East Bay shoreline, and from the Bay Bridge east span.
 - 2) Impairment of the significance of an historical resource by demolition of the Damage Control Trainer.
 - 3) Construction impacts on the transportation and circulation network, including increased delay and congestion on the Bay Bridge near the ramps during the peak periods, and disruption to transit, pedestrian, bicycle, and vehicular traffic on the Islands due to roadway closures.
 - 4) Significant contribution to existing LOS E operating conditions during the weekday PM peak hour and during the Saturday peak hour at the eastbound off-ramp on the west side of Yerba Buena Island.
 - 5) Under conditions without the TI/YBI Ramps Project, traffic impacts at the two westbound on-ramps.
 - 6) Under conditions with the Ramps Project, traffic impacts during the AM and PM peak hours at the ramp meter at the westbound on-ramp on the east side of Yerba Buena Island.

- 7) Queuing at the Bay Bridge toll plaza during the weekday AM peak hour, with and without the TI/YBI Ramps Project.
- 8) Queuing on San Francisco streets approaching Bay Bridge during the weekday PM peak hour with and without the TI/YBI Ramps Project.
- 9) Traffic impact at the following nine intersections:
 - Intersection of First/Market;
 - Intersection of First/Mission;
 - Intersection of First/Folsom;
 - Intersection of First/Harrison/I-80 Eastbound On-Ramp;
 - Intersection of Bryant/Fifth/I-80 Eastbound On-Ramp; and
 - Intersection of Fifth/Harrison/I-80 Westbound Off-Ramp
 - Intersection of Folsom/Essex;
 - Intersection of Bryant/Sterling; and
 - Intersection of Second/Folsom.
- 10) Exceedance of the available transit capacity of Muni's 108-Treasure Island bus line serving the Islands during the AM, PM and Saturday peak hours.
- 11) AC Transit operations on Hillcrest Road between Treasure Island and the eastbound on-ramp to the Bay Bridge without the Ramps Project.
- 12) AC Transit operations on Treasure Island Road and Hillcrest Road between Treasure Island and the eastbound on-ramp to the Bay Bridge with the Ramps Project.
- 13) Traffic congestion in downtown San Francisco, which would increase travel time and would impact operations of the following three bus lines:
 - Muni 27-Bryant;
 - Muni 30X-Marina Express; and
 - Muni 47-Van Ness bus line.
- 14) Exceedance of the capacity utilization standard on Muni's 108-Treasure Island bus line serving the Islands from a shift from auto to transit modes, resulting from parking

shortfall on the Islands and leading to an increase in transit travel demand during the peak hours.

- 15) Construction noise levels above existing ambient conditions.
- 16) Exposure of persons and structures to excessive ground-borne vibration or ground-borne noise levels during construction from on-shore pile "impact activities," such as pile driving and deep dynamic compaction, and vibro-compaction.
- 17) Increase in ambient noise levels in the project vicinity above existing ambient noise levels from project-related traffic and ferry noise.
- 18) Violation of air quality standards.
- 19) Exposure of sensitive receptors to substantial levels of toxic air contaminants.
- 20) Exposure of sensitive receptors to substantial levels of PM2.5.
- 21) Violation of air quality standards during project operations.
- 22) Exposure of sensitive receptors to substantial pollutant concentrations.
- 23) Potential conflict with adopted plans related to air quality.
- 24) Temporary wind hazard impacts during phased construction.
- 25) Potential exposure of publicly accessible locations within the Project Site to wind hazards
- 26) Potential adverse impacts on movement of rafting waterfowl from ferry operations.

B. Will contribute considerably to the following cumulative environmental impacts:

- 1) Potential cumulative construction-related traffic impacts in the project vicinity.
- 2) Cumulative traffic impacts at the eastbound off-ramp on the west side of Yerba Buena Island.
- 3) Under conditions without the Ramps Project, cumulative traffic impacts at the two westbound on-ramps.
- 4) Under conditions with the Ramps Project, cumulative traffic impacts during the AM and PM peak hours at the ramp meter at the westbound on-ramp on the east side of Yerba Buena Island.
- 5) Cumulative queuing impacts at the Bay Bridge toll plaza during the AM and PM peak hours.

6) Cumulative queuing impacts on San Francisco streets approaching the Bay Bridge during the weekday AM and PM and Saturday peak hours.

7) Traffic impact at the following nine intersections:

- Intersection of First/Market;
- Intersection of First/Mission;
- Intersection of First/Folsom;
- Intersection of First/Harrison/I-80 Eastbound On-Ramp;
- Intersection of Bryant/Fifth/I-80 Eastbound On-Ramp;
- Intersection of Fifth/Harrison/I-80 Westbound Off-Ramp
- Intersection of Folsom/Essex;
- Intersection of Bryant/Sterling; and
- Intersection of Second/Folsom.

8) Cumulative traffic congestion in downtown San Francisco, which would increase travel time and would impact operations of the following four bus lines:

- Muni 27-Bryant bus line;
- Muni 30X-Marina Express bus line;
- Muni 47-Van Ness bus line; and
- Muni 10-Townsend bus line.

9) Cumulative construction noise impacts from other cumulative development in the area, including the Clipper Cove Marina and the Yerba Buena Island Ramps Improvement Project, which could have construction activities that occur simultaneously with those of the Project.

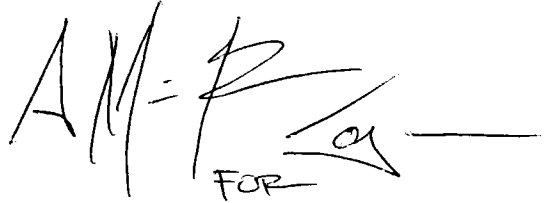
10) Increases in traffic from the project in combination with other development would result in cumulative traffic noise impacts.

11) Cumulative air quality impacts.

11) The Project, when combined with other cumulative projects, could result in exposure of publicly accessible locations within the Project Site to wind hazards.

12) Potential cumulative impacts on rafting waterfowl.

I hereby certify that the foregoing Motion was ADOPTED by the Planning Commission at its regular meeting of April 21, 2011.

A handwritten signature in black ink, appearing to be 'Linda Avery', with a horizontal line extending to the right. Below the signature, the word 'FOR' is written in capital letters.

Linda Avery
Commission Secretary

AYES: Commissioners Antonini, Borden, Fong, Miguel
NOES: Commissioners Olague, Moore, Sugaya
ABSENT: None
ADOPTED: April 21, 2011

1 [Environmental Impact Report Certification]

2 **Resolution certifying a final Environmental Impact Report for the Treasure**
3 **Island/Yerba Buena Island Project.**

4 WHEREAS, The City and County of San Francisco, acting through the Planning
5 Department and Treasure Island Development Authority staff (hereinafter "Department and
6 Authority Staff") fulfilled all procedural requirements of the California Environmental Quality
7 Act (Cal. Pub. Res. Code Sections 21000 *et seq.*, hereinafter "CEQA"), the State CEQA
8 Guidelines (Cal. Admin. Code Title 14, Sections 15000 *et seq.*, (hereinafter "CEQA
9 Guidelines") and Chapter 31 of the San Francisco Administrative Code (hereinafter "Chapter
10 31") in regard to the Final Environmental Impact Report identified as Planning Department
11 Case No. 2007.0903E (hereinafter "FEIR") for the proposed Treasure Island/Yerba Buena
12 Island Project ("Project"); and,

13 WHEREAS, The Department and Authority Staff determined that an Environmental
14 Impact Report (hereinafter "EIR") was required and provided public notice of that
15 determination by publication in a newspaper of general circulation on January 26, 2008; and,

16 WHEREAS, On July 12, 2010, the Department and Authority Staff published the Draft
17 Environmental Impact Report (hereinafter "DEIR") and provided public notice in a newspaper
18 of general circulation of the availability of the DEIR for public review and comment and of the
19 date and time of the Planning Commission public hearing on the DEIR; this notice was mailed
20 to the Department's list of persons requesting such notice; and,

21 WHEREAS, Notices of availability of the DEIR and of the date and time of the public
22 hearing were posted near the project site by Department and Authority Staff on July 12, 2010;
23 and,

24 WHEREAS, On July 12, 2010, copies of the DEIR were mailed or otherwise delivered
25 to a list of persons requesting it, to those noted on the distribution list in the DEIR, to adjacent

1 property owners, and to government agencies, the latter both directly and through the State
2 Clearinghouse; and,

3 WHEREAS, The Notice of Completion was filed with the State Secretary of Resources
4 via the State Clearinghouse on July 12, 2010; and,

5 WHEREAS, The Treasure Island Development Authority Board of Directors
6 (hereinafter "Authority Board") and Planning Commission held a duly advertised joint public
7 hearing on said DEIR on August 12, 2010, at which time opportunity for public comment was
8 given, and public comment was received on the DEIR. The period for acceptance of written
9 comments ended on September 10, 2010; and,

10 WHEREAS, The Department and Authority Staff prepared responses to comments on
11 environmental issues received at the public hearing and in writing during the 59-day public
12 review period for the DEIR, prepared revisions to the text of the DEIR in response to
13 comments received or based on additional information that became available during the public
14 review period, and corrected errors in the DEIR. This material was presented in a Comments
15 and Responses document, published on March 10, 2011, distributed to the Authority Board
16 and all parties who commented on the DEIR, and made available to others upon request at
17 the Department; and,

18 WHEREAS, A Final Environmental Impact Report has been prepared by the
19 Department and Authority Staff, consisting of the Draft Environmental Impact Report, any
20 consultations and comments received during the review process, any additional information
21 that became available, and the Comments and Responses document all as required by law
22 ("FEIR"); and,

23 WHEREAS, Following publication of the Environmental Impact Report, the Project's
24 structure and financing were changed from a Redevelopment Plan and financing mechanism
25 to an Area Plan to be included within the San Francisco General Plan and partial financing

1 through an Infrastructure Financing District. These changes in turn result in the amount of
2 affordable housing units to be reduced from approximately 2,400 units to 2,000 units. The
3 Department and Authority Staff prepared a memorandum describing these changes and other
4 minor Project changes since publication of the FEIR. The memorandum evaluates these
5 changes and presents minor amendments to the text of the EIR to reflect the changes. The
6 memorandum demonstrates and concludes that the revisions to the Project would not
7 substantially change the analysis and conclusions of the EIR. No new significant impacts or
8 substantial increase in the severity of already identified significant impacts, no new mitigation
9 measures, and no new alternatives result from these changes. Thus, recirculation of the EIR
10 for public review and comment is not required; and,

11 WHEREAS, The FIER and its related files have been made available for review by the
12 Authority Board, the Commission, and the public. These files are available for public review at
13 the Department at 1650 Mission Street, and are part of the record before the Authority Board;
14 and,

15 WHEREAS, On April 21, 2011, the Authority Board at a joint hearing with the Planning
16 Commission reviewed and considered the FEIR; and,

17 WHEREAS, The Authority Board hereby does find that the Project described in the
18 Environmental Impact Report:

- 19 • Will result in the following significant and unavoidable project-specific
20 environmental impacts:
 - 21 ○ Alteration of scenic vistas of San Francisco and San Francisco Bay from
22 public vantage points along the eastern shoreline of San Francisco,
23 Telegraph Hill, the East Bay shoreline, and from the Bay Bridge east
24 span.

- 1 o Impairment of the significance of an historical resource by demolition of
2 the Damage Control Trainer.
- 3 o Construction impacts on the transportation and circulation network,
4 including increased delay and congestion on the Bay Bridge near the
5 ramps during the peak periods, and disruption to transit, pedestrian,
6 bicycle, and vehicular traffic on the Islands due to roadway closures.
- 7 o Significant contribution to existing LOS E operating conditions during the
8 weekday PM peak hour and during the Saturday peak hour at the
9 eastbound off-ramp on the west side of Yerba Buena Island.
- 10 o Under conditions without the TI/YBI Ramps Project, traffic impacts at the
11 two westbound on-ramps.
- 12 o Under conditions with the Ramps Project, traffic impacts during the AM
13 and PM peak hours at the ramp meter at the westbound on-ramp on the
14 east side of Yerba Buena Island.
- 15 o Queuing at the Bay Bridge toll plaza during the weekday AM peak hour,
16 with and without the TI/YBI Ramps Project.
- 17 o Queuing on San Francisco streets approaching Bay Bridge during the
18 weekday PM peak hour with and without the TI/YBI Ramps Project.
- 19 o Traffic impact at the following nine intersections:
 - 20 ▪ Intersection of First/Market;
 - 21 ▪ Intersection of First/Mission;
 - 22 ▪ Intersection of First/Folsom;
 - 23 ▪ Intersection of First/Harrison/I-80 Eastbound On-Ramp;
 - 24 ▪ Intersection of Bryant/Fifth/I-80 Eastbound On-Ramp; and
 - 25 ▪ Intersection of Fifth/Harrison/I-80 Westbound Off-Ramp

- 1 ▪ Intersection of Folsom/Essex;
- 2 ▪ Intersection of Bryant/Sterling; and
- 3 ▪ Intersection of Second/Folsom.
- 4 ○ Exceedance of the available transit capacity of Muni's 108-Treasure
- 5 Island bus line serving the Islands during the AM, PM and Saturday peak
- 6 hours.
- 7 ○ AC Transit operations on Hillcrest Road between Treasure Island and the
- 8 eastbound on-ramp to the Bay Bridge without the Ramps Project.
- 9 ○ AC Transit operations on Treasure Island Road and Hillcrest Road
- 10 between Treasure Island and the eastbound on-ramp to the Bay Bridge
- 11 with the Ramps Project.
- 12 ○ Traffic congestion in downtown San Francisco, which would increase
- 13 travel time and would impact operations of the following three bus lines:
- 14 ▪ Muni 27-Bryant;
- 15 ▪ Muni 30X-Marina Express; and
- 16 ▪ Muni 47-Van Ness bus line.
- 17 ○ Exceedance of the capacity utilization standard on Muni's 108-Treasure
- 18 Island bus line serving the Islands from a shift from auto to transit modes,
- 19 resulting from parking shortfall on the Islands and leading to an increase
- 20 in transit travel demand during the peak hours.
- 21 ○ Construction noise levels above existing ambient conditions.
- 22 ○ Exposure of persons and structures to excessive ground-borne vibration
- 23 or ground-borne noise levels during construction from on-shore pile
- 24 "impact activities," such as pile driving and deep dynamic compaction,
- 25 and vibro-compaction.

- 1 o Increase in ambient noise levels in the project vicinity above existing
- 2 ambient noise levels from project-related traffic and ferry noise.
- 3 o Violation of air quality standards.
- 4 o Exposure of sensitive receptors to substantial levels of toxic air
- 5 contaminants.
- 6 o Exposure of sensitive receptors to substantial levels of PM2.5.
- 7 o Violation of air quality standards during project operations.
- 8 o Exposure of sensitive receptors to substantial pollutant concentrations.
- 9 o Potential conflict with adopted plans related to air quality.
- 10 o Temporary wind hazard impacts during phased construction.
- 11 o Potential exposure of publicly accessible locations within the Project Site
- 12 to wind hazards
- 13 o Potential adverse impacts on movement of rafting waterfowl from ferry
- 14 operations; now, therefore be it

15 RESOLVED, The Authority Board hereby does find that the contents of the FEIR and
16 the procedures through which the FEIR was prepared, publicized, and reviewed comply with
17 the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco
18 Administrative Code; and, be it

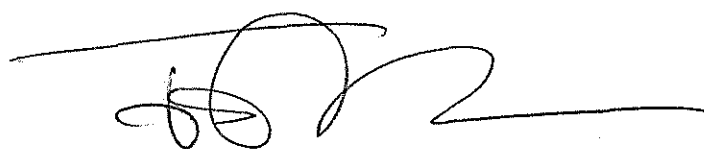
19 FURTHER RESOLVED, The Authority Board hereby does find that the FEIR (Planning
20 Department File No. 2007.0903E) reflects the independent judgment and analysis of the
21 Authority Board, is adequate, accurate and objective, and that the Comments and Responses
22 document contains no significant revisions to the DEIR; and, be it

23 FURTHER RESOLVED, The Authority Board hereby does CERTIFY THE
24 COMPLETION of said FEIR in compliance with CEQA, the CEQA Guidelines, and Chapter
25 31.

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CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on April 21, 2011.



Jean-Paul Samaha, Secretary

1 [Affirming Certification of the Final Environmental Impact Report - Treasure Island/Yerba
2 Buena Island Project]

3
4 **Motion affirming the Planning Commission's Certification of the Final Environmental**
5 **Impact Report for the Treasure Island/Yerba Buena Island Project.**

6
7 WHEREAS, The proposed project ("Project") would include: (a) up to 8,000 new
8 residential units, at least 25 percent of which will be made affordable to a broad range of very-
9 low to moderate income households, including 435 units to be developed by the Treasure
10 Island Homeless Development Initiative's member organizations, (b) the adaptive reuse of
11 approximately 311,000 square feet of historic structures, (c) up to approximately 140,000
12 square feet of new retail uses and 100,000 square feet of commercial office space, (d)
13 approximately 300 acres of parks and open space, (e) new and or upgraded public facilities,
14 including a joint police/fire station, a school, facilities for the Treasure Island Sailing Center
15 and other community facilities, (f) a 400-500 room hotel, (g) the investment of approximately
16 \$155 million in transportation infrastructure, (h) the creation of thousands of construction job
17 opportunities and thousands of permanent jobs, all as more particularly described in the
18 Treasure Island/Yerba Buena Island Development and Disposition Agreement ("DDA"), and (i)
19 various related approval actions. A copy of the DDA is on file with the Clerk of the Board of
20 Supervisors in File No. 110291 and is incorporated herein by reference; and,

21 WHEREAS, The Planning Department ("Department") determined that an
22 environmental impact report was required for the Project on January 26, 2008, and provided
23 public notice by publication in a newspaper of general circulation on January 26, 2008, and
24 held two scoping meetings on February 11, 2008 at the Port of San Francisco and on
25 February 13, 2008 on Treasure Island; and,

1 WHEREAS, On July 12, 2010, the Department and the Treasure Island Development
2 Authority ("TIDA"), acting as co-lead agencies, published the Draft Environmental Impact
3 Report ("DEIR") for the Project (Planning Department File No. 2007.0903E); and,

4 WHEREAS, On August 12, 2010, the Planning Commission and TIDA held a duly
5 advertised joint public hearing on the DEIR at which time opportunity for public comment was
6 provided on the DEIR, and written comments were received through September 10, 2010;
7 and,

8 WHEREAS, The Department and TIDA prepared responses to comments received at
9 the public hearing on the DEIR and submitted in writing to the Department and TIDA,
10 prepared revisions to the text of the DEIR, and published a Summary of Comments and
11 Responses on March 10, 2011; and,

12 WHEREAS, A Final Environmental Impact Report ("FEIR") for the Project was
13 prepared by the Department and TIDA, consisting of the DEIR, any consultations and
14 comments received during the review process, any additional information that became
15 available, the Summary of Comments and Responses, and a supplemental memorandum on
16 additional changes, all as required by law; and,

17 WHEREAS, On April 21, 2011, the Planning Commission reviewed and considered the
18 FEIR and, by Motion No. 18325, found that the contents of said report and the procedures
19 through which the FEIR was prepared, publicized and reviewed complied with the provisions
20 of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines, and
21 Chapter 31 of the San Francisco Administrative Code. A copy of said Planning Commission
22 Motion is on file with the Clerk of the Board of Supervisors in File No. 110618 and is
23 incorporated herein by reference; and,

24 WHEREAS, By Motion No. 18325, the Commission found the FEIR to be adequate,
25 accurate and objective, reflected the independent judgment and analysis of the Department

1 and the Commission, and that the Summary of Comments and Responses contained no
2 significant revisions to the DEIR. The Commission also adopted findings relating to significant
3 impacts associated with the Project and certified the completion of the FEIR in compliance
4 with CEQA and the State CEQA Guidelines; and,

5 WHEREAS, In a single appeal letter to the Clerk of the Board of Supervisors dated
6 May 11, 2011, Saul Bloom on behalf of Arc Ecology, Michael Lynes on behalf of the Golden
7 Gate Audubon Society, Kate Looby on behalf of the Sierra Club-San Francisco Bay Chapter,
8 Brent Plater on behalf of Wild Equity Institute, Ken Masters, and Aaron Peskin filed an appeal
9 of the FEIR to the Board of Supervisors, which the Clerk of the Board of Supervisors received
10 on or around May 11, 2011; and,

11 WHEREAS, On June 7, 2011, this Board held a duly noticed public hearing to consider
12 the appeal of the FEIR certification filed by Appellant; and,

13 WHEREAS, This Board has reviewed and considered the FEIR, the appeal letter, the
14 responses to concerns document that the Planning Department prepared, and the other
15 written records before the Board of Supervisors, and heard testimony and received public
16 comment regarding the adequacy of the FEIR; and,

17 WHEREAS, The FEIR files and all correspondence and other documents have been
18 made available for review by this Board and the public. These files are available for public
19 review by appointment at the Planning Department offices at 1650 Mission Street, and are
20 part of the record before this Board by reference in this Motion; now, therefore, be it

21 MOVED, That this Board of Supervisors hereby affirms the decision of the Planning
22 Commission in its Motion No. 18325 to certify the FEIR and finds the FEIR to be complete,
23 adequate and objective and reflecting the independent judgment of the City and in compliance
24 with CEQA and the State CEQA Guidelines.



City and County of San Francisco
Tails
Motion: M11-92

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 110619

Date Passed: June 07, 2011

Motion affirming the Planning Commission's Certification of the Final Environmental Impact Report for the Treasure Island/Yerba Buena Island Project.

June 07, 2011 Board of Supervisors - APPROVED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

File No. 110619

I hereby certify that the foregoing Motion was APPROVED on 6/7/2011 by the Board of Supervisors of the City and County of San Francisco.

A handwritten signature in black ink, appearing to read "Angela Calvillo", written over a horizontal line.

Angela Calvillo
Clerk of the Board



SAN FRANCISCO PLANNING DEPARTMENT

270731
**ENDORSED
FILED**
San Francisco County Clerk

Notice of Determination

JUN 16, 2011

on St.

Approval Date: June 15, 2011
EIR Certification Date: April 21, 2011
State Clearinghouse No.: 2008012105
Case No.: 2007.0903E
Project Title: Treasure Island/Yerba Buena Island Redevelopment Plan
 EIR
Project Location: Treasure Island and Yerba Buena Island in San Francisco
 Bay
APN(s): Assessor's Block 1939, Lots 001 and 002
Lead Agency: San Francisco Planning Department
 Treasure Island Development Authority
Staff Contact: Rick Cooper – (415) 575-9027
Project Sponsor: Treasure Island Community Development, LLC
 Treasure Island Development Authority
Sponsor Contact: Alexandra Galovich (TICD) (415) 905-5367
 Michael Tymoff (TIDA) (415) 554-5313

by: **MARIBEL JALDON**
Deputy County Clerk

SCO,
2479

J378

Fax:
415.558.6409

Planning
Information:
415.558.6377

To: County Clerk, City and County of San Francisco State of California
 City Hall Room 168 Office of Planning and Research
 1 Dr. Carlton B. Goodlett Place PO Box 3044
 San Francisco, CA 94102 Sacramento, CA 95812-3044

Pursuant to the California Environmental Quality Act (CEQA), the Guidelines of the Secretary for Resources, and San Francisco requirements, this Notice of Determination is transmitted to you for filing. At the end of the posting period, please return this Notice to the Staff Contact with a notation of the period it was posted.

Attached fee:

\$50 filing fee AND \$2,839.25 [EIR CDFG Fee]

PROJECT DESCRIPTION: The Treasure Island Development Authority (TIDA), a City and County of San Francisco agency, and Treasure Island Community Development, LLC (TICD), a private entity, are proposing to redevelop the portions of Naval Station Treasure Island still owned by the Navy on Treasure Island and Yerba Buena Island, once they are transferred to TIDA. A project-level EIR has been prepared to evaluate a new Area Plan in the *San Francisco General Plan*, a Special Use District added to the Planning Code that incorporates by reference a *Design for Development*, a Special Height and Bulk District added to the Planning Code, amendments to the Zoning Maps to add new zoning and height districts, and development activities to be carried out by TICD pursuant to a Development Agreement between the City and County of San Francisco and TICD, Disposition and Development Agreement between TIDA and

TICD, and related conveyance agreements governing redevelopment of the Islands. The Proposed Project includes development on Treasure Island and Yerba Buena Island with up to 8,000 residential units; up to 140,000 square feet (sq. ft.) of new commercial and retail space; up to 100,000 sq. ft. of new office space; adaptive reuse of three historic buildings on Treasure Island with up to 311,000 sq. ft. of commercial, retail, and/or flex space; 500 hotel rooms; rehabilitation of the historic buildings on Yerba Buena Island; new and/or upgraded public and community facilities; new and/or upgraded public utilities; about 300 acres of parks and public open space including shoreline access and cultural uses such as a museum; a Habitat Management Plan for portions of Yerba Buena Island; new and upgraded streets and public ways; bicycle, transit, and pedestrian facilities; landside and waterside facilities for the Treasure Island Sailing Center; landside services for an expanded marina; and a new Ferry Terminal and intermodal Transit Hub. Construction would include geotechnical stabilization of the portions of Treasure Island where buildings and roads are proposed, raising the elevation of portions of the ground surface on Treasure Island to provide long-term protection against flooding, including an allowances for estimated future potential sea level rise, and strengthening the perimeter berm around Treasure Island. Construction and buildout of the proposed Development Plan would be phased and are anticipated to occur over an approximately 20-year period.

DETERMINATION:

The City and County of San Francisco took the following approval actions for the Treasure Island/Yerba Buena Island Project:

Planning Commission actions taken on April 21, 2011 (copies of these documents may be examined at 1650 Mission Street, Suite 400):

Motion No. 18325 Certifying the Final Environmental Impact Report for the Treasure Island/Yerba Buena Island Project;

Motion No. 18326, Adopting CEQA Findings including a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program for the Treasure Island/Yerba Buena Island Project;

Motion No. 18327, Adopting General Plan amendments, including amendments to the Commerce & Industry Element, Community Facilities Element, Housing Element, Recreation & Open Space Element, Transportation Element, Urban Design Element, Land Use Index, and other minor map amendments, and adopting the Treasure Island/Yerba Buena Island Area Plan;

Motion No. 18328, Adopting Findings of Consistency with the San Francisco General Plan and Section 101.1 of the City Planning Code;

Resolution No. 18329, Recommending Planning Code amendments to Sections 102.5 and 201 to include the Treasure Island/Yerba Buena Island Special Use District, and to Section 105 relating to height and bulk limits for Treasure Island and Yerba Buena Island, adding Section 249.52 establishing the Treasure Island/Yerba Buena Island Special Use District, adding Section 263.26 establishing the Treasure Island/Yerba Buena Island Height and Bulk District, and amending Table 270 to recognize the Treasure Island/Yerba Buena Island Height and Bulk District;

Motion No. 18330, Adopting the Treasure Island/Yerba Buena Island Project Design for Development document;

Resolution No. 18331, Recommending amendment of the Zoning Maps to add new sectional map ZN14 to show the zoning designations of Treasure Island and Yerba Buena Island, add new sectional map HT14 to establish the Height and Bulk District for Treasure Island and Yerba Buena Island, and add new sectional map SU14 to establish the Treasure island/Yerba Buena Island Special Use District;

Motion No. 18332, Adopting Allocation Findings for the prioritization of 100,000 square feet of office space for the Treasure Island/Yerba Buena Island Project; and

Resolution No. 18333, Recommending approval of a Development Agreement between the City and County of San Francisco and Treasure Island Community Development LLC.

Treasure Island Development Authority Board actions taken April 21, 2011 and April 27, 2011 (copies of these documents may be examined at One Avenue of Palms, Second Floor on Treasure Island):

Resolution No. 11-15-04/21, Certifying the Final Environmental Impact Report for the Treasure Island/Yerba Buena Island Project;

Resolution No. 11-15-04/21, Adopting CEQA Findings including a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program in connection with the adoption of the Treasure Island/Yerba Buena Island Project and related actions necessary to implement such plans;

Resolution No. 11-16-04/21, Approving the Transition Housing Rules and Regulations for the Villages at Treasure Island for the Treasure Island/Yerba Buena Island Project;

Resolution No. 11-17-04/21, Approving the Yerba Buena Island Habitat Management Plan, the Treasure Island Community Facilities Plan, the Treasure Island/Yerba Buena Island Sustainability Plan and the Treasure Island Transportation Implementation Plan for the Treasure Island/Yerba Buena Island Project;

Resolution No. 11-18-04/21, Approving a Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island and Yerba Buena Island;

Resolution No. 11-19-04/21, Approving the Economic Development Conveyance Memorandum of Agreement for the conveyance of former Naval Station Treasure Island to the Treasure Island Development Authority;

Resolution No. 11-20-04/21, Approving the Public Trust Exchange Agreement between the Treasure Island Development Authority and the California State Lands Commission in furtherance of the Treasure Island/Yerba Buena Island Project;

Resolution 11-21-04/21, Approving the Amended and Restated Base Closure Homeless Assistance Agreement with the Treasure Island Homeless Development Initiative;

Resolution No. 11-22-04/21, Approving the Treasure Island/Yerba Buena Island Design for Development document for the Treasure Island/Yerba Buena Island Project; and

Resolution No. 11-24-04/27, Approving the Interagency Cooperation Agreement for the Treasure Island/Yerba Buena Island Project.

San Francisco Municipal Transportation Agency actions taken on May 3, 2011 (copies of these documents may be examined at One South Van Ness Avenue, 7th floor):

Resolution No. 11-059, adopting CEQA Findings including a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program, consenting to the Interagency Cooperation Agreement with the Treasure Island Development Authority, and approving the Development Agreement with the Treasure Island Community Development, LLC.

San Francisco Public Utilities Commission actions taken on May 10, 2011 (copies of these documents may be examined at 1155 Market Street, 11th floor):

Resolution No. 11-0068, adopting CEQA Findings including a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program, and authorizing the General Manager to execute, on behalf of the SFPUC, the Interagency Cooperation Agreement.

Board of Supervisors actions taken June 7, 2011 and June 14, 2011 (copies of these documents may be examined at Room 244 City Hall, 1 Dr. Carlton B. Goodlett Place):

(Board File No. 110619) Motion No. M11-95 affirming the certification by the Planning Commission of the Final Environmental Impact Report for the Treasure Island/Yerba Buena Island Project;

(Board File No. 110328) Resolution adopting CEQA Findings including a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program in connection with the development of Treasure Island/Yerba Buena Island as envisioned in the Development Agreement;

(Board File No. 110226) Ordinance approving a Development Agreement between the City and County of San Francisco and Treasure Island Community Development, LLC,; making findings under the California Environmental Quality Act, findings of conformity with the City's General Plan and with the eight priority policies of Planning Code Section 101.1; and findings relating to formation of infrastructure financing districts;

(Board File No. 110228) Ordinance amending the San Francisco General Plan by amending the Commerce and Industry Element, Community Facilities Element, Housing Element, Recreation and Open Space Element, Transportation Element, Urban Design Element, and Land Use Index,

maps and figures in various elements, and by adopting and adding the Treasure Island/Yerba Buena Island Area Plan;

(Board File No. 110229) Ordinance amending the San Francisco Planning Code by amending Sections 102.5 and 201 to include the Treasure Island/Yerba Buena Island districts, amending Section 105 relating to height and bulk limits for Treasure Island/Yerba Buena Island, adding Section 249.52 to establish the Treasure Island/Yerba Buena Island Special Use District, adding Section 263.26 to establish the Treasure Island/Yerba Buena Island Height and Bulk District, amending Planning Code Section 270 to refer to the Treasure Island/Yerba Buena Island Height and Bulk District; and adopting findings, including environmental findings, Planning Code Section 302 findings, and findings of consistency with the General Plan and the priority policies of Planning Code Section 101.1;

(Board File No. 110227) Ordinance amending the Zoning Map by adding new sectional map ZN14 to show the zoning designations of Treasure Island and Yerba Buena Island, adding new sectional map HT14 to establish the Height and Bulk District for Treasure Island and Yerba Buena Island, and adding new sectional map SU14 to establish the Treasure Island/Yerba Buena Island Special Use District;

(Board File No. 110230) Ordinance amendment the San Francisco Subdivision Code to add Division 4 pertaining to the subdivision process applicable to development within the Treasure Island/Yerba Buena Island Project Site, including the establishment of a procedure for reviewing and filing vesting tentative transfer maps;

(Board File No. 110517) Resolution approving the Treasure Island Transportation Implementation Plan;

(Board File No. 110291) Resolution approving a Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island/Yerba Buena Island, and approving an Interagency Cooperation Agreement between the City and the Treasure Island Development Authority;

(Board File No. 110290) Resolution approving the Economic Development Conveyance Memorandum of Agreement for the transfer of former Naval Station Treasure Island from the United States Government to the Treasure Island Development Authority;

(Board File No. 110289) Resolution approving the Amended and Restated Base Closure Homeless Assistance Agreement with the Treasure Island Homeless Development Initiative; and

(Board File No. 110340) Resolution approving the Public Trust Exchange Agreement between the Treasure Island Development Authority and the California State Lands Commission in furtherance of the Treasure Island/Yerba Buena Island Project.

1. An Environmental Impact Report has been prepared and certified pursuant to the provisions of CEQA. It is available to the public and may be examined at the Planning Department at the above address, in File No. 2007.0903E.
2. A determination has been made that the project in its approved form will have a significant effect on the environment and findings were made pursuant to Section 15091 and a statement of overriding considerations was adopted.
3. Mitigation measures were made a condition of project approval and a Mitigation Monitoring and Reporting Program was adopted.

Notice of Determination
June 15, 2011

CASE NO. 2007.0903E
Treasure Island/Yerba Buena Island Project

John Rahaim
Planning Director



By Bill Wycko
Environmental Review Officer

cc: Alex Galovich, TICD, Wilson Meany Sullivan
Stephen Proud, TICD, Lennar Communities
Neil Sekhri, Gibson, Dunn & Crutcher
Mary Murphy, Gibson, Dunn & Crutcher
Sue Hestor
Mary Miles
Nancy Shanahan



State of California—The Resources Agency
 DEPARTMENT OF FISH AND GAME
2011 ENVIRONMENTAL FILING FEE CASH RECEIPT

RECEIPT #
270731

STATE CLEARING HOUSE # (if applicable)

SEE INSTRUCTIONS ON REVERSE. TYPE OR PRINT CLEARLY

LEAD AGENCY S.F. PLANNING DEPARTMENT		DATE 6/16/2011	
COUNTY/STATE AGENCY OF FILING SAN FRANCISCO		DOCUMENT NUMBER 389752/389753	
PROJECT TITLE TREASURE ISLAND/YERBA BUENA ISLAND REDEVELOPMENT PLAN			
PROJECT APPLICANT NAME RICK COOPER		PHONE NUMBER (415) 5759027	
PROJECT APPLICANT ADDRESS 1650 MISSION ST., STE. 400	CITY SF	STATE CA	ZIP CODE 94103
PROJECT APPLICANT (Check appropriate box): <input checked="" type="checkbox"/> Local Public Agency <input type="checkbox"/> School District <input type="checkbox"/> Other Special District <input type="checkbox"/> State Agency <input type="checkbox"/> Private Entity			
CHECK APPLICABLE FEES:			
<input type="checkbox"/> Environmental Impact Report (EIR)	\$2,839.25	\$	2839.25
<input type="checkbox"/> Negative Declaration (ND)(MND)	\$2,044.00	\$	
<input type="checkbox"/> Application Fee Water Diversion (State Water Resources Control Board Only)	\$850.00	\$	
<input type="checkbox"/> Projects Subject to Certified Regulatory Programs (CRP)	\$965.50	\$	
<input checked="" type="checkbox"/> County Administrative Fee	\$50.00	\$	50.00
<input type="checkbox"/> Project that is exempt from fees			
<input type="checkbox"/> Notice of Exemption			
<input type="checkbox"/> DFG No. Effect Determination (Form Attached)			
<input type="checkbox"/> Other _____		\$	
PAYMENT METHOD: <input type="checkbox"/> Cash <input type="checkbox"/> Credit <input checked="" type="checkbox"/> Check <input type="checkbox"/> Other _____			
		TOTAL RECEIVED	\$ 2889.25

SIGNATURE X	Printed Name: MARIBEL JALDON	TITLE Deputy County Clerk
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Memorandum of Agreement
Between
The Department of the Navy
And
The California State Historic Preservation Officer
For the Layaway, Caretaker Maintenance, Interim Leasing, Sale, Transfer,
and Disposal of Historic Properties on the Former
Naval Station Treasure Island, San Francisco, California

WHEREAS, the Department of the Navy (DoN) has been directed to close, lease and dispose of its property at the former Naval Station Treasure Island (NSTI) pursuant to the Defense Base Closure and Realignment Act of 1990 (undertaking), has determined that the undertaking will affect properties located on the former NSTI that are listed on, have been determined eligible for, or may be potentially eligible for listing on the National Register of Historic Places (historic properties), has consulted the California State Historic Preservation Officer (SHPO) pursuant to 36 CFR Part 800, regulations implementing Section 106 of the National Historic Preservation Act, as amended (16.U.S.C. 470f) (NHPA)), has notified the Advisory Council on Historic Preservation (Council) of the effect finding pursuant to 36 CFR Section 800.6(a)(1), and has received notification that the Council declines to participate in the consultation (See Attachment 1); and

WHEREAS, NSTI is located within the limits of the City and County of San Francisco (City), a Certified Local Government under Section 101(c) of the NHPA, and Article 10 of the San Francisco Planning Code specifically addresses *Preservation of Historical Architectural and Aesthetic Landmarks*; and

WHEREAS, the Treasure Island Development Authority (TIDA), a non-profit, public benefit corporation established by the City, is recognized by the Department of Defense as the Local Redevelopment Authority for NSTI, and

WHEREAS, upon disposal of the historic properties from the DoN to a non-Federal entity, any Federal jurisdiction ceases and the jurisdiction of the historic properties reverts exclusively to the City;

WHEREAS, the DoN has informed consulting parties and members of the public about the undertaking and involved such parties and the public in the consultation process using agency procedures for public involvement under the National Environmental Policy Act;

1 **NOW THEREFORE**, the DoN and the SHPO agree that the layaway, caretaker
2 maintenance, interim leasing, sale, transfer, and disposal of historic properties
3 (hereinafter, "leasing and disposal) at NSTI shall be implemented in accordance with the
4 following stipulations in order to take into account the effect of the undertaking on
5 historic properties, and that these stipulations shall govern leasing and disposal at NSTI
6 until this Memorandum of Agreement (hereinafter, "MOA") is terminated.

7
8
9 **STIPULATIONS**

10
11 The DoN will ensure that the following measures are carried out:

12
13
14 **I. NATIONAL REGISTER NOMINATIONS**

- 15
16 A. The DoN will nominate the following historic properties, depicted in
17 Attachment 3, to the National Register in accordance with Section
18 110(a)(2) of the National Historic Preservation Act (16 U.S.C. 470h2):
19
20 1. The Senior Officers Quarters Historic District (Yerba Buena
21 Island): as follows:
22 (a) Quarters 1 through 7
23 (b) Building 83
24 (c) Building 205, and
25 (d) Building 230
26 2. Quarters 10 (Yerba Buena Island) Officers Quarters
27 3 Building 267 (Yerba Buena Island) Garage to Building 10
28 4. Building 262 (Yerba Buena Island) The Torpedo Building
29 5. Building 1 (Treasure Island), Administration Building, Golden
30 Gate Exposition
31 6. Building 2 (Treasure Island), Hall of Transportation, Golden Gate
32 Exposition
33 7. Building 3 (including Building 111) (Treasure Island), Palace of
34 Fine and Decorative Arts and Annex, Golden Gate Exposition
35
36 B. The DoN will submit the above nominations to the Keeper of the National
37 Register in accordance with 36 CFR § 60.9 prior to disposal.
38

39 **II. ARCHAEOLOGY**

- 40
41 A. The DoN completed an inventory of the archeological resources located
42 on the former NSTI. The potential Archeological Sensitive Zones were
43 identified in the *Archeological Resource Inventory and Assessment of*
44 *Naval Station Treasure Island Disposal and Reuse Project, San Francisco*
45 *County, California, June 1997* and are depicted in Attachment 4.
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B. Prior to the DoN's disposal of NSTI, the DoN will submit a Research Design/Discovery Plan to the SHPO, that clearly delineates specific procedures to be taken, under various scenarios. The Navy will seek SHPO concurrence prior to conducting field work. The Research Design/Discovery Plan will outline the procedures to be followed, the decision-making process and consultation process with SHPO and other appropriate parties. As will be discussed in the Research Design/Discovery Plan, the Navy will conduct additional archaeological survey and / or archaeological testing and mitigation within identified Archaeological Sensitive Zones 1 – 4 that may be required and which may include:

1. Accurate delineation of sensitive areas and known archaeological sites on DoN property, including those contiguous portions that may occur on adjacent property.
2. Testing of known sensitive areas and archaeological sites to determine the significance of potential buried archaeological deposits.
3. Survey of submerged sensitive areas by qualified maritime archaeologists to determine the presence of potentially significant submerged resources.
4. Consultation with the SHPO to determine significance of any buried or submerged resources discovered during the testing and delineation of sensitive areas.
5. Development of treatment plans and implementation of mitigation measures in consultation with the SHPO for archaeological sites discovered through testing that are determined significant.
6. Consultation with the Bay Miwok prior to any ground disturbing archaeological testing or mitigation activities in areas believed to contain archaeological deposits that may be significant to the Bay Miwok. The Navy will make every attempt to contact the Bay Miwok, including correspondence, phone calls, e-mails, etc., and will assume no interest on the part of the Bay Miwok if no formal correspondence is received within 30 days.

C. Non-Applicability

1. The Federal Highway Administration obtained fee title to a portion of NSTI from the DoN and subsequently conveyed that property by deed dated October 26, 2000, to the California Department of Transportation (CALTRANS) for purposes of the San Francisco

1 Bay Bridge Seismic Retrofit. As a result of these actions, this
2 MOA does not apply to the historic properties which are located
3 within the former NSTI and which are now owned by CALTRANS
4 (see Attachment 2). Such properties include:

5
6 a. Potential archaeological sites and sensitive zones at Yerba
7 Buena Island that are documented in the *Archeological*
8 *Resource Inventory and Assessment of Naval Station*
9 *Treasure Island Disposal and Reuse Project, San*
10 *Francisco County, California, June 1997*, including the
11 following:

- 12 1. A portion of Archeological site CA-SFr-4/H in
13 Zone 1; and
- 14 2. A portion of an Historic/Prehistoric archaeological
15 deposit in Zone 2;
- 16 3. A portion of Zone 3, (which may include
17 undocumented submerged resources); and
- 18 4. A portion of the Twentieth Century Landfill in Zone
19 4.
20
21

22 **III. HISTORIC ARTIFACTS AND RECORDS**

- 23
24 A. DoN-owned historic artifacts and records that were included in the
25 Treasure Island Naval and Marine Corps Museum will remain the
26 responsibility of the Director of the Naval Historical Center, Washington
27 Navy Yard, District of Columbia.
28
- 29 B. The DoN has coordinated the disposal of Naval Station Treasure Island
30 photographs with the National Archives Pacific-Sierra Region, San Bruno,
31 and will transfer them to the National Archives from the DoN's
32 Caretaker Site Office upon completion of preservation measures.
33
- 34 C. The DoN has turned over to the City Department of Public Works plans,
35 building drawings and construction photographs that were in the
36 possession of the Naval Station Treasure Island Staff Civil Engineer's
37 Office.
38
- 39 D. Financial and administrative records were transferred to Naval Station San
40 Diego and Naval Base San Diego, respectively, because these facilities
41 assumed operation responsibilities for NSTI at closure.
42

43 **IV. RECORDATION**

- 44
45 A. DoN shall ensure that the non-archaeological historic properties listed in
46 Stipulation I.A. of this MOA, with the exception of Building 1 (Treasure

1 Island) and Building 262 (Yerba Buena Island), are recorded prior to
2 disposal from Federal ownership.

3
4 1. Buildings 1 and 262 are called out in the City's *Naval Station*
5 *Treasure Island Reuse Plan* (June 1996) as being priorities for
6 preservation.

7
8 B. The DoN shall contact the Pacific-Great Basin System Support Office,
9 National Park Service (NPS), Oakland, California to determine what level
10 and kind of recordation is recommended by NPS for such historic
11 properties.

12
13 C. The DoN shall provide copies of the final documentation prepared
14 pursuant to paragraph A. of this stipulation to the SHPO, the City, and the
15 San Francisco International Airport Bureau of Exhibitions, Museums, and
16 Cultural Exchange.

17
18 **V. LICENSING AND LEASING OF HISTORIC PROPERTIES**

19
20 A. In order to maintain and protect historic properties covered by this
21 agreement, the DoN may enter into licenses and leases for the use of DoN
22 real property at NSTI prior to disposal in accordance with Section 5 of the
23 *Base Reuse Implementation Manual* (Attachment 5).

24
25 1. The DoN shall require all licensees/lessees to submit written plans
26 for any proposed work on historic properties for DoN review and
27 approval. Work may not proceed until the licensee/lessee has
28 received written approval from the DoN, which shall not be
29 granted unless the proposed work conforms to the Secretary of the
30 Interior's *Standards for Rehabilitation and Guidelines for*
31 *Rehabilitating Historic Buildings (Rehabilitation Standards)*.

32
33 a. DoN review of plans submitted for proposed work on
34 historic properties shall be conducted by persons who shall,
35 at a minimum, meet the Secretary of the Interior's
36 Professional Qualification Standards (Qualification
37 Standards) in the appropriate disciplines (Attachment 6).

38
39 2. No further consultation with the SHPO shall be required hereunder
40 unless the DoN determines that the proposed work does not and
41 cannot be modified to conform to the *Rehabilitation Standards*.

42
43 a. If the DoN determines that the proposed work does not and
44 cannot be modified to conform to the *Rehabilitation*
45 *Standards*, the DoN may either reject the proposed work or
46 consult pursuant to 36 CFR Part 800.

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3. Further consultation with the SHPO will not be required for painting previously painted interior and exterior surfaces in non-traditional colors for temporary uses, provided that the lessee has posted an adequate bond to insure that the property will be restored when the temporary use is complete.
 4. Lease Agreements prevent lessees from undertaking any activity that may affect an identified historic or archaeological property, without the approval of the DoN. The DoN shall provide a list of traditional and non-traditional colors to lessees planning to paint historic properties covered by this MOA and only those colors may be used to paint the subject properties. The DoN shall retain the option that, prior to conveyance, lessee shall be required to restore historic properties to their original color scheme. The DoN will prepare a Technical Memorandum Report (TMR) identifying the “original conditions”. The TMR will be submitted for review and approval by the SHPO prior to the commencement of any such restoration efforts.
 5. The DoN shall retain the right to inspect leased historic properties at least annually to ensure that the *Rehabilitation Standards* are followed and shall take appropriate remedial action to assure compliance where deviations are observed.

26 **VI. LONG TERM PRESERVATION PLANNING**

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- A. Upon conveyance of NSTI from the DoN, all historic properties conveyed as set forth herein shall fall within the jurisdiction of the City, a Certified Local Government under Section 101(c) of the NHPA. As such, all historic properties conveyed as set forth herein shall be subject to the City of San Francisco Planning Code, Article 10, Preservation of Historical, Architectural, and Aesthetic Landmarks (Attachment 7).
 - B. Upon conveyance of NSTI from the Navy to the TIDA or other designated property recipient, and in the event of a discovery in an Archeological Sensitive Zone, the City may designate a lot or site as a landmark site pursuant to Section 1004 of San Francisco Planning Code, Article 10, Preservation of Historical Architectural, and Aesthetic Landmarks (Attachment 7).

42 **VII. PERSONNEL QUALIFICATIONS STANDARDS**

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46
- A. The DoN shall ensure that all historic preservation work pursuant to this MOA, including but not limited to the planning and physical rehabilitation of historic properties is carried out by or under the direct supervision of a

1 person or persons meeting, at a minimum, the Qualification Standards in
2 the appropriate disciplines.
3
4
5

6 **VIII. DOCUMENT REVIEW AND COMMENT**
7

- 8 A. The SHPO shall be afforded forty-five (45) days after receipt to comment
9 on any documentation submitted by the Navy as a result of consultation
10 efforts or as a result of implementation of this MOA. Should the SHPO
11 decline to participate or fail to respond within forty-five (45) days to a
12 written request for comments, the DoN may assume the SHPO's
13 concurrence in the DoN's proposed action.
14

15 **IX. REPORTING**
16

- 17 A. Until the terms of this MOA have been fulfilled and /or the MOA has been
18 terminated, the DoN shall provide a written annual status report to all
19 other parties.
20
21 1. The annual report shall be submitted by December 15th of each
22 year and, at a minimum, shall address the following topics:
23
24 a. Status of the nomination of the Senior Officers Quarters
25 Historic District (Yerba Buena Island) and those other
26 buildings being nominated by DoN.
27
28 b. Discussion of problems or unanticipated issues related to
29 management of historic properties during the previous year,
30 including proposals for resolution of such problems and
31 issues.
32

33 **X. DISCOVERIES**
34

- 35 A. Buried cultural materials may be present on the leased properties. If such
36 materials are encountered by the City at NSTI prior to conveyance, the
37 City shall immediately notify the DoN.
38
39 1. The City shall stop work immediately and notify the DoN so that
40 the DoN can initiate consultation with the SHPO. The City shall
41 not proceed with any work without the approval of the DoN.
42
43 2. If the newly discovered property has not previously been included
44 in, or determined eligible for inclusion in, the National Register,
45 the DoN may assume that the property is eligible for purposes of
46 this MOA. Otherwise, the DoN may also proceed through the

1 process outlined in 36 CFR 800.4 for the identification of historic
2 properties.

- 3
- 4 3. The DoN will notify the SHPO at the earliest possible time and
5 consult to develop actions that will take into account any effects of
6 the undertaking on any property assumed, or determined pursuant
7 to 36 CFR 800.4, to be National Register eligible.
- 8
- 9 4. The DoN will notify the SHPO of any time constraints, and the
10 DoN and the SHPO will mutually agree upon time frames for this
11 consultation.
- 12
- 13 5. The DoN will provide the SHPO with written recommendations
14 that take the effects of the undertaking into account.
- 15
- 16 a. If the SHPO does not object to the DoN's
17 recommendations within the agreed upon time frame, the
18 DoN will modify the scope of work as necessary to
19 implement its recommendations. The DoN may then
20 authorize the action to proceed.
- 21

22 **XI. RESOLUTION OF OBJECTIONS**

23

- 24 A. Should any party object to the manner in which the terms of this MOA are
25 implemented, to any action carried out or proposed with respect to
26 implementation of the MOA, or to any documentation prepared in
27 accordance with and subject to its terms, the DoN shall immediately
28 consult with all other parties for no more than thirty (30) days to resolve
29 the objection. If the objection is resolved through such consultation, the
30 action subject to dispute may proceed in accordance with the terms of that
31 resolution. If, after initiating such consultation, the DoN determines that
32 the objection cannot be resolved through consultation, the DoN shall
33 forward all documentation relevant to the objection to the Council,
34 including the DoN's proposed response to the objection, with the
35 expectation that the Council will respond within thirty (30) days after
36 receipt of such documentation:
- 37
- 38 1. Advise the DoN that the Council concurs in the DoN's proposed
39 response to the objection, whereupon the DoN will respond to the
40 objection accordingly; or
- 41
- 42 2. Provide the DoN with recommendations, which the DoN will take
43 into account in reaching a final decision regarding its response to
44 the objection; or
- 45

- 1 3. Notify the DoN that the objection will be referred for comment
2 pursuant to 36 CFR 800.7(a)(4), and proceed to refer the objection
3 and comment. The DoN shall take the resulting comment into
4 account in accordance with 36 CFR 800.7(c)(4) and Section 110
5 (1) of the NHPA.
6
7 4. Should the Council not exercise one of the above options within 30
8 days after receipt of all pertinent documentation, the DoN may
9 assume the Council's concurrence in its proposed response to the
10 objection.
11
12 5. The DoN shall take into account any Council recommendation or
13 comment provided in accordance with this stipulation with
14 reference only to the subject of the objection. The DoN's
15 responsibility to carry out all actions under this agreement that are
16 not the subjects of the objection will remain unchanged.
17
18 B. At any time during implementation of this MOA, should an objection
19 pertaining to such implementation be raised by a member of the public,
20 the DoN shall notify in writing the other parties and take the objection into
21 account. The DoN shall consult with the objector and, if requested by the
22 objector, consult with any or all of the other parties to this MOA with
23 respect to the objection. The time frame for such consultation shall be
24 reasonably determined by the DoN. The DoN will render a decision
25 regarding the objection and notify all parties hereunder of its decision in
26 writing within a reasonable period of time following closure of this
27 consultation period. In reaching its decision, the DoN will take all
28 comments from the parties into consideration. The DoN's decision
29 regarding resolution of the objection will be final.
30
31 C. The DoN shall provide the SHPO and the Council, when Council
32 comments have been issued hereunder, and any parties that have objected
33 pursuant to paragraph B., above, with a copy of any final written decision
34 regarding any objection.
35
36 D. The DoN may authorize any action subject to objection under this
37 stipulation to proceed after the objection has been resolved in accordance
38 with the terms of this stipulation.
39

40 **XII. AMENDMENTS TO THE MOA**

- 41
42 A. If any party believes that this MOA should be amended, that party may at
43 any time propose amendments, whereupon the parties will consult to
44 consider the amendment pursuant to 36 CFR § 800.6(c)(7) and §
45 800.6(c)(8).
46

- 1 B. This MOA may be amended only upon the written concurrence of the
2 signatory parties and the invited signatory party.
3
4

5 **XIII. TERMINATION**
6

- 7 A. This MOA may be terminated only by either signatory party or by the
8 invited signatory party. If this MOA is not amended as provided for in
9 Stipulation XII., or if any of these parties proposes termination of this
10 MOA for other reasons, the party proposing termination shall in writing
11 notify all other parties, explain the reasons for proposing termination, and
12 consult with the parties for no more than 30 days to seek alternatives to
13 termination.
14

- 15 1. Should such consultation fail, the signatory party or the invited
16 signatory party proposing termination may terminate this MOA by
17 promptly notifying all other parties in writing.
18
19 2. Termination hereunder shall render this MOA without further force
20 or effect. Should this MOA be terminated before all historic
21 properties covered by this MOA have been conveyed out of federal
22 ownership or before the DoN, in consultation with all other parties
23 has determined that all of its terms have been fulfilled, then
24 beginning with the date of termination the DoN shall do the
25 following:
26
27 a. Promptly consult with all other parties to this MOA to
28 develop a new agreement pursuant to 36 CFR Part 800.
29
30 b. Ensure that until a new agreement is executed for the
31 undertaking, that the DoN will not take or sanction any
32 action or make an irreversible commitment that would
33 result in an adverse effect or foreclose alternatives that
34 could avoid or mitigate the adverse effect on historic
35 properties until the consulting process has been completed.
36

37 **XIV. DURATION OF THE MOA**
38

- 39 A. Unless it is terminated pursuant to Stipulation XIII above, this MOA shall
40 remain in effect until all stipulations have been fulfilled as determined by
41 the DoN in consultation with all the other parties, or until such time as the
42 historic properties covered by this MOA are no longer under federal
43 ownership, whichever occurs first. Upon a determination by the DoN that
44 either of these conditions has been met, this MOA will terminate and have
45 no further force or effect. The DoN will promptly provide the other parties
46 to this MOA with written notice of its determination and of termination of
47 this MOA.

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XV. ANTI-DEFICIENCY ACT

- A. All requirements set forth in this MOA requiring the expenditure of DoN funds are expressly subject to the availability of appropriations and the requirements of the Anti-Deficiency Act (31 U.S.C. Section 1341).
 - 1. No obligation undertaken by the DoN under the terms of this MOA shall require or be interpreted to require a commitment to expend funds not appropriated for a particular purpose.

- B. If the DoN cannot perform any obligation set forth in this MOA because of the unavailability of funds, the DoN and the SHPO intend that the remainder of the MOA be executed.
 - 1. Any obligation under the MOA, which cannot be performed because of the unavailability of funds, must be renegotiated between the DoN and the SHPO.

EXECUTION OF THIS MEMORANDUM OF AGREEMENT by the DoN and SHPO, its transmittal by the DoN to the Council in accordance with 36 CFR 800.6(b)(1)(iv) and subsequent implementation of its terms, shall be evidence pursuant to 36 CFR 800.6(c), that this Memorandum of Agreement is an agreement with the Council for purposes of Section 110(1) of the NHPA, and shall further evidence that the DoN has afforded the Council an opportunity to comment on the “leasing and disposal” of NSTI and its effects on historic properties, that the DoN has taken into account the effects of the undertaking on historic properties, and that the DoN has satisfied its responsibilities under Section 106 of the National Historic Preservation Act and its implementing regulations codified at 36 CFR Part 800.

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SIGNATORY PARTIES:

UNITED STATES DEPARTMENT OF THE NAVY,

BY: *D. S. Bianchi* Date: 2 June 03
D.S. BIANCHI
Captain, CEC, USN Commanding Officer,
Engineering Field Activity West

CALIFORNIA STATE HISTORIC PRESERVATION OFFICER

BY: *Stephen D. Kessel* Date: 2 June 03
DR. KNOX MELLON
State Historic Preservation Officer

INVITED SIGNATORY PARTY:

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

BY: _____ Date: _____
City of San Francisco

CONCURRING PARTIES:

BAY MIWOK BAND

BY: _____ Date: _____
KATHERINE EROLINDA PEREZ
Bay Miwok Band

CALIFORNIA PRESERVATION FOUNDATION

BY: _____ Date: _____
California Preservation Foundation

1 **SAN FRANCISCO ARCHITECTURAL HERITAGE**

2

3 **BY:** _____ **Date:** _____

4

5 San Francisco Architectural Heritage

6

MEMORANDUM OF AGREEMENT
Between the California Department of Transportation and
the California State Historic Preservation Officer
Regarding the Yerba Buena Island I-80 Ramps Improvement Project
San Francisco (04-SF-80, PM 7.6-8.1)

WHEREAS, the Federal Highway Administration (FHWA) has assigned and the California Department of Transportation (Caltrans) has assumed FHWA responsibility for environmental review, consultation, and coordination under the provisions of the *Memorandum of Understanding between the Federal Highway Administration and the California Department of Transportation Concerning the State of California's Participation in the Surface Transportation Project Delivery Pilot Program*, which became effective on July 1, 2007 and applies to this project; and

WHEREAS, Caltrans has determined that the Yerba Buena Island I-80 Ramps Improvement Project in San Francisco (Undertaking) will have an adverse effect on the Senior Officers' Quarters Historic District and Quarters 10 (which includes Building 267), properties listed on the National Register of Historic Places (National Register), and may have an effect on archaeological site CA-SFR-04/H, a property which has been determined eligible for listing on the National Register; and

WHEREAS, implementation and enforcement of the measures set forth in Stipulation II.F. of this Memorandum of Agreement (MOA) will satisfactorily avoid potential adverse effects to archaeological site CA-SFR-04/H; and

WHEREAS, Caltrans has consulted with the California State Historic Preservation Officer (SHPO) pursuant to Stipulations X.C and XI of the January 2004 *Programmatic Agreement among the Federal Highway Administration, the Advisory Council on Historic Preservation, the California State Historic Preservation Officer, and the California Department of Transportation Regarding Compliance with Section 106 of the National Historic Preservation Act, as it pertains to the Administration of the Federal-Aid Highway Program in California* (PA), and where the PA so directs, in accordance with 36 CFR Part 800, the regulations implementing Section 106 of the National Historic Preservation Act (16 USC Section 470f) as amended, regarding the Undertaking's effects on historic properties, and has notified the Advisory Council on Historic Preservation (ACHP) of the adverse effect finding pursuant to 36 CFR § 800.6(a)(1); and

WHEREAS, Caltrans has thoroughly considered alternatives to the Undertaking, has determined that the statutory and regulatory constraints on the design of the Undertaking preclude the possibility of avoiding adverse effects to historic properties during the Undertaking's implementation, and has further determined that it will resolve adverse effects of the Undertaking on the subject historic properties through the execution and implementation of this MOA; and

WHEREAS, Caltrans District 4, the San Francisco County Transportation Authority (SFCTA), the United States Navy, the United States Coast Guard, and the Treasure Island Development Authority (TIDA) have participated in the consultation and have been invited to concur in this MOA;

WHEREAS, the United States Navy is the current owner of the subject historic properties and the Undertaking will be implemented in accordance with this MOA after the conveyance of the subject historic properties to the TIDA.

NOW, THEREFORE, Caltrans and the SHPO agree that, upon Caltrans' decision to proceed with the Undertaking, Caltrans shall ensure that the Undertaking is implemented in accordance with the following stipulations in order to take into account the effect of the Undertaking on historic properties, and further agrees that these stipulations shall govern the Undertaking and all of its parts until this MOA expires or is terminated.

Caltrans shall ensure that the following stipulations are implemented:

STIPULATIONS

I. Area of Potential Effect

The APE for this Undertaking is depicted in the Supplemental Historic Property Survey Report *for the Yerba Buena Island Ramps Improvement Project*, Map 3 (Map 3 is included as Attachment A of this MOA). The APE included the maximum existing and proposed right-of-way, project construction easements (temporary and permanent), and all properties subject to direct or indirect project effects. Attachment A set forth hereunder may be amended through consultation among the MOA parties without amending the MOA proper.

II. Treatment of Historic Properties

A. Prior to the start of any work that could adversely affect any characteristics that qualify Quarters 1 (the Nimitz House), Quarters 10, and Building 267 as historic properties, SFCTA will prepare Historic Structure Reports (HSRs) for Quarters 1 (the Nimitz House) within the Officers' Quarters Historic District, Quarters 10, and Building 267. The scope of the HSRs will be developed in consultation with Caltrans, the Navy, and TIDA, and will follow the general guidelines for such reports as described in the California Office of Historic Preservation publication, "Historic Structure Report Format." Caltrans shall ensure that the documentation is completed and accepted before the historic properties are altered and/or moved. Copies of the HSRs will be provided to all of the signatory and concurring parties to this MOA.

B. Historic Landscape Report and Landscaping Plan

1. Historic Landscape Report

SFCTA will prepare a Historic Landscape Report (HLR) for the Officers' Quarters Historic District, to aid in planning for future use and landscaping of the properties within the District. The scope of the HLR will be developed in consultation with Caltrans, the Navy, and TIDA, and will be informed by the general guidelines for the Historic American Landscape Survey, as described in the National Park Service

publication, "HALS Guidelines." Copies of the HLR will be provided to all of the signatory and concurring parties to this MOA.

2. SFCTA will prepare and implement a landscaping plan for the Officers' Quarters Historic District, to address areas where the existing landscaping will be disturbed by the Undertaking and for visual screening of the new ramp structures from properties within the District. SFCTA and Caltrans shall consult to ensure that this stipulation does not duplicate effort or conflict with Stipulation V.C of the *Memorandum of Agreement among the Federal Highway Administration, the United States Coast Guard, the California State Historic Preservation Officer, and the Advisory Council on Historic Preservation for the San Francisco Oakland Bay Bridge East Span Seismic Safety Project in San Francisco and Alameda Counties, California*. Prior to implementation, the landscaping plan will be transmitted for review and comment to all of the signatory and concurring parties to this MOA.

C. Relocation of Quarters 10 and Building 267

SFCTA will relocate Quarters 10 and Building 267 to a new location on Yerba Buena Island. SFCTA will ensure that the buildings are moved in accordance with the approaches recommended in the National Park Service's *Moving Historic Buildings* (John Obed Curtis, 1979), and by a professional building mover who has the experience and capability to move historic buildings properly. The SHPO will be afforded an opportunity to review and approve the proposed relocation site. The relocation will include the construction of new foundations, utility connections, and all other work necessary to prepare the buildings for future use.

Upon completion of the relocation work, Caltrans will re-evaluate the property and determine, in consultation with the SHPO, whether the property continues to meet National Register criteria or should be proposed for removal from the National Register.

D. Interpretive Signs

SFCTA will install interpretive signs, incorporating narrative and images relating to the historic Navy buildings on Yerba Buena Island, in consultation with Caltrans. Caltrans shall submit the content and location(s) of the interpretive signs to the SHPO for review and comment. The review period shall be 30 days upon receipt. If the SHPO has not commented by the end of the 30-day review period, SFCTA may proceed.

E. Protection of Historic Buildings and Repair of Inadvertent Damage

1. Protection

SFCTA, in consultation with Caltrans, the Navy, and TIDA, will develop and implement measures to protect the buildings of the Senior Officers' Quarters Historic District and Quarters 10 (including Building 267) from damage resulting from the Undertaking. Such measures may include, but are not limited to, vibration monitoring during pile driving in proximity to historic properties.

2. Repair of Inadvertent Damage

Caltrans will ensure that any damage to historic properties resulting from the Undertaking, and any damage resulting from the relocation of Quarters 10 and Building 267, will be repaired in accordance with the Secretary of the Interior's *Standards for Rehabilitation*. The HSRs and HLR described in Stipulations II.A and II.B will include photographic and other documentation of the properties prior to the start of construction and will establish the baseline condition for assessing damage. Prior to implementation of any repairs, Caltrans and SFCTA will provide plans for repairs to the SHPO for review and comment to ensure conformance with the Secretary of the Interior's *Standards for Rehabilitation*. The review period shall be 30 days upon receipt. If the SHPO has not commented by the end of the 30-day review period, SFCTA may proceed

F. Protection of Archaeological Site CA-SFR-04/H

Caltrans shall ensure that the potentially adverse effect of the Undertaking on archaeological site CA-SFR-04/H is avoided by establishing an Environmentally Sensitive Area (ESA) around the boundary of the site. The ESA will be established and maintained in accordance with the ESA Action Plan for this Undertaking. The ESA shall be thoroughly described on the final construction plans for the Undertaking. No construction activity or related ground disturbance will take place within the ESA. The ESA Action plan that details the implementation of this stipulation is appended to this MOA as Attachment B.

III. Administrative Provisions

A. Definitions.

The definitions provided at 36 CFR § 800.16 are applicable throughout this MOA.

B. Professional Qualifications and Standards.

Caltrans will ensure that only individuals meeting the Secretary of the Interior's Professional Qualification Standards (48 FR 44738-39) in the relevant field of study carry out or review the appropriateness and quality of the actions and products required by Stipulations II.A, II.B, and II.D of this MOA.

C. Discoveries and Unanticipated Effects.

If Caltrans determines after the construction of the Undertaking has commenced, that the Undertaking will affect a previously unidentified property that may be eligible for listing on the National Register, or affect a known historic property in an unanticipated manner, Caltrans will address the discovery or unanticipated effect in accordance with 36 CFR § 800.13(b)(3). Caltrans at its discretion may hereunder assume any discovered property to be eligible for listing on the National Register in accordance with 36 CFR § 800.13(c).

D. Resolving Objections.

1. Should any party to this MOA object at any time in writing to the manner in which the terms of this MOA are implemented, to any action carried out or proposed with

respect to implementation of this MOA, or to any document prepared in accordance with and subject to the terms of this MOA, Caltrans shall immediately notify the other parties of the objection, request their comments on the objection within 15 days following receipt of Caltrans' notification, and proceed to consult with the objecting party for no more than 30 days to resolve the objection. Caltrans will honor the request of the other parties to participate in the consultation and will take any comments provided by those parties into account.

2. If the objection is resolved during the 30-day consultation period, Caltrans may proceed with the disputed action in accordance with the terms of such resolution.
3. If at the end of the 30-day consultation period, Caltrans determines that the objection cannot be resolved through such consultation, then Caltrans shall forward all documentation relevant to the objection to the ACHP, including Caltrans' proposed response to the objection, with the expectation that the ACHP will, within 30 days after receipt of such documentation:
 - a. Advise Caltrans that the ACHP concurs in Caltrans' proposed response to the objection, whereupon Caltrans will respond to the objection accordingly. The objection shall thereby be resolved; or
 - b. Provide Caltrans with recommendations, which Caltrans will take into account in reaching a final decision regarding its response to the objection. The objection shall thereby be resolved; or
 - c. Notify Caltrans that the objection will be referred for comment pursuant to 36 CFR § 800.7(c) and proceed to refer the objection for comment. Caltrans shall take the resulting comments into account in accordance with 36 CFR § 800.7(c)(4) and Section 110(1) of the National Historic Preservation Act. The objection shall thereby be resolved.
4. Should the ACHP not exercise one of the above options within 30 days after receipt of all pertinent documentation, Caltrans may assume the ACHP's concurrence in its proposed response to the objection and proceed to implement that response. The objection shall thereby be resolved.
5. Caltrans shall take into account any of the ACHP's recommendations or comments provided in accordance with this stipulation with reference only to the subject of the objection. Caltrans' responsibility to carry out all other actions under this MOA that are not the subject of the objection shall remain unchanged.
6. At any time during the implementation of the Stipulations in this MOA, should a member of the public raise an objection in writing pertaining to such implementation to any signatory party to this MOA, that signatory party shall immediately notify Caltrans. Caltrans shall immediately notify the other signatory parties in writing of the objection. Any signatory party may choose to comment in writing on the objection to Caltrans. Caltrans shall establish a reasonable time frame for this comment period. Caltrans shall consider the objection, and in reaching its decision, Caltrans will take all comments from the other signatory parties into account. Within 15 days following the closure of the comment period,

Caltrans will render a decision regarding the objection and respond to the objecting party. Caltrans will promptly notify the other signatory parties of its decision in writing, including a copy of the response to the objecting party. Caltrans' decision regarding resolution of the objection will be final. Following issuance of its final decision, Caltrans may authorize the action subject to dispute hereunder to proceed in accordance with the terms of that decision.

7. Caltrans shall provide all parties to this MOA, and the ACHP, if the ACHP has commented, and any parties that have objected pursuant to subsection D.6 of this Stipulation, with a copy of its final written decision regarding any objection addressed pursuant to this Stipulation.
8. Caltrans may authorize any action subject to objection under this Stipulation to proceed after the objection has been resolved in accordance with the terms of this Stipulation.

E. Amendments

Any signatory party to this MOA may propose that this MOA be amended, whereupon all signatory parties shall consult to consider such amendment. The amendment will be effective on the date that a copy signed by all of the original signatories is filed with the SHPO. If the signatories cannot agree to appropriate terms to amend this MOA, any signatory may terminate the MOA in accordance with Stipulation III.F, below.

F. Termination

1. If this MOA is not amended as provided for in section E of this Stipulation, or if any signatory party proposes termination of this MOA for other reasons, the signatory party proposing termination shall notify the other parties to this MOA in writing, explain the reasons for proposing termination, and consult with the other parties for at least 30 days to seek alternative to termination. Such consultation shall not be required if Caltrans proposes termination because the Undertaking no longer meets the definition set forth in 36 CFR § 800.16(y).
2. Should such consultation result in an agreement on an alternative to termination, the signatory parties shall proceed in accordance with that agreement.
3. Should such consultation fail to result in an agreement on an alternative to termination, the signatory party proposing termination may terminate this MOA by promptly notifying the other parties in writing. Termination hereunder shall render this MOA without further force or effect.
4. If this MOA is terminated hereunder, and if Caltrans determines that the Undertaking will nonetheless proceed, then Caltrans shall comply with the requirements of 36 CFR 800.3-800.6.

G. Duration

1. Unless terminated pursuant to section F of this stipulation, or unless it is superseded by an amended MOA, this MOA will be in effect following execution by the

signatory parties until Caltrans, in consultation with the other signatory parties, determines that all of its stipulations have been satisfactorily fulfilled.

2. The terms of this MOA shall be satisfactorily fulfilled within ten years following the date of execution by the signatory parties. If Caltrans determines that this requirement cannot be met, the parties to this MOA will consult to reconsider its terms. Reconsideration may include continuation of the MOA as originally executed, amendment of the MOA, or termination. In the event of termination, Caltrans will comply with subsection F.4 of this stipulation, if it determines that the Undertaking will proceed notwithstanding termination of this MOA.
3. If the Undertaking has not been implemented within ten years following the execution of this MOA, this MOA shall automatically terminate and have no further force or effect. In such event, Caltrans shall notify the other signatory parties in writing and, if it chooses to continue with the Undertaking, shall reinitiate review of the Undertaking in accordance with 36 CFR Part 800.

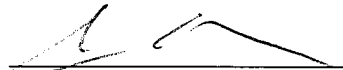
H. Effective Date

This MOA will take effect on the date that it is executed by Caltrans and the SHPO.

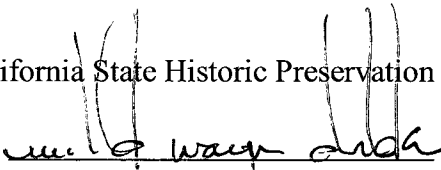
EXECUTION of this MOA by Caltrans and the SHPO, its filing with the ACHP in accordance with 36 CFR § 800.6(b)(1)(iv), and subsequent implementation of its terms, shall evidence, pursuant to 36 CFR § 800.6(c), that Caltrans has afforded the ACHP an opportunity to comment on the Undertaking and its effects on historic properties, and that Caltrans has taken into account the effects of the Undertaking on historic properties.

SIGNATORY PARTIES

California Department of Transportation

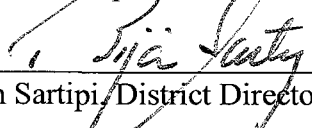
By:  Date: 4-11-2011
Jay Norvell, Chief
Division of Environmental Analysis

California State Historic Preservation Officer


By:  Date: 14 APR 2011
Milford Wayne Donaldson
State Historic Preservation Officer

CONCURRING PARTIES

California Department of Transportation, District 4

By:  Date: 4-20-11
Bijan Sartipi, District Director, District 4, Oakland


San Francisco County Transportation Authority

By:  Date: 7/27/11
Jose Luis Moscovich, Executive Director SFCTA

United States Navy

By: Laura Duchnak Date: 5/19/11
Laura Duchnak, Director Navy BRAC PMD West

United States Coast Guard

By:  Date: 5/12/11
P. M. McMillin, CAPT, USCG
COMMANDING OFFICER, CEUD

Treasure Island Development Authority


By:  Date: 4/22/11
DIRECTOR OF REDEVELOPMENT
Rich Hillis

EXHIBIT R -- PROPERTY CONVEYANCE SCHEDULE

Parcel ID	Conveyance Date (Navy Tenders Property to TIDA)	60 Day TIDA Acceptance Period Ends
FOST Parcel (Initial Closing)	10/30/2014	12/29/2014
Parcel 33	10/30/2014	12/29/2014
Bldg 3 Parcel *	1/31/2016	3/31/2016
Parcel 27 (Clipper Cove)	1/31/2016	3/31/2016
Parcel 21 *	1/31/2016	3/31/2016
UC-1 & UC-2 *	1/31/2016	3/31/2016
Parcel 31 *	1/31/2016	3/31/2016
Parcel 30 *	1/31/2016	3/31/2016
Parcel 30 North & South *	1/31/2016	3/31/2016
Parcel 32	1/31/2016	3/31/2016
Bldg 233 Parcel *	1/31/2016	3/31/2016
Parcel 6	12/31/2016	3/1/2017
Parcel 24 B	1/30/2018	3/31/2018
Parcel 24 Development Parcel (24 A) *	1/30/2018	3/31/2018
Parcel 2 **	12/31/2020	3/1/2021
Site 12 Development Parcel (12 A) ***	12/31/2021	3/1/2022
Site 12 B	12/31/2021	3/1/2022
Navy Retained	12/31/2021	3/1/2022

* A Performance Benchmark established in Article 4 Section 4.2.3

** The Navy shall not tender Parcel 2 to TIDA earlier than 12/31/2020 so long as the Utilities Agreement (Exhibit E) has not expired or been terminated and remains in full effect.

*** A Performance Benchmark established in Article 4 Section 4.2.2
 1) ROD Performance Benchmark (12/31/2018)

**AUCTION BIDDER SELECTION GUIDELINES FOR
RESIDENTIAL LOTS**

Non-Affiliation Requirement

- Bidder is not an Affiliate of Developer
 - Affiliate of Developer means an entity that directly or indirectly controls, is controlled by, or is under common control with, the Developer or its partners or members
- Bidder does not have any financial arrangements with Developer in submitting its bid

Financial Requirements

-Bidder is able to demonstrate the financial ability to perform the obligations it is assuming in association with the development of the auction lot. For purposes of this section, this includes evidence of access to adequate equity and debt capital along with commitment letters from those financing sources, and the ability to post the required security associated with the development of the auction lot.

- Provision of a commitment letter to fund a 10% refundable deposit within 10 business days of being selected the auction winner

Experience Requirements

-The managing principal of the bidder has at least five (5) years of experience in developing the type of residential product to be developed on the auction lot the bidder is seeking to purchase.

-The principals of the bidder have collectively completed at least three (3) development projects containing at least 75% of the number of units proposed for the auction lot.

Entity in Good Standing Requirements

-Documentation evidencing that the bidder and its constituent members, if any, have been duly formed, made all filings and are in good standing in the State of California and in the state of their respective incorporation. If the bidder is a joint venture, then the bidder shall provide evidence demonstrating the existence of a duly executed contractual relationship between the applicable parties.

-Bidder has not defaulted on its obligations on another lot or project within the Treasure Island or Yerba Buena Island development area.

No Unfair Advantage Requirement

- Bidder has not received an unfair advantage by receiving any bid information that is different from or in advance of such information being made available to other interested bidders

**AUCTION BIDDER SELECTION GUIDELINES FOR
COMMERCIAL LOTS**

Non-Affiliation Requirement

- Bidder is not an Affiliate of Developer
 - Affiliate of Developer means an entity that directly or indirectly controls, is controlled by, or is under common control with, the Developer or its partners or members
- Bidder does not have any financial arrangements with Developer in submitting its bid

Financial Requirements

-Bidder is able to demonstrate the financial ability to perform the obligations it is assuming in association with the development of the auction lot. For purposes of this section, this includes evidence of access to adequate equity and debt capital along with commitment letters from those financing sources, and the ability to post the required security associated with the development of the auction lot.

- Provision of a commitment letter to fund a 10% refundable deposit within 10 business days of being selected the auction winner

Experience Requirements

-The managing principal of the bidder has at least five (5) years of experience in developing the type of commercial product to be developed on the auction lot the bidder is seeking to purchase.

-The principals of the bidder have collectively completed at least three (3) development projects containing at least 75% of the commercial square footage proposed for the auction lot.

Entity in Good Standing Requirements

-Documentation evidencing that the bidder and its constituent members, if any, have been duly formed, made all filings and are in good standing in the State of California and in the state of their respective incorporation. If the bidder is a joint venture, then the bidder shall provide evidence demonstrating the existence of a duly executed contractual relationship between the applicable parties.

-Bidder has not defaulted on its obligations on another lot or project within the Treasure Island or Yerba Buena Island development area.

No Unfair Advantage Requirement

- Bidder has not received an unfair advantage by receiving any bid information that is different from or in advance of such information being made available to other interested bidders



First American Title

First American Title Company

**6683 Owens Drive
Pleasanton, CA 94588**

This report has been amended/updated to reflect the following matters:

- No changes made to the report other than the Effective Date
- Property address has been revised
- Vesting has been revised
- Legal Description has been revised
- Taxes have been updated
- Original item number(s) have been removed
- New item number(s) 47a have been added
- Original item number(s) have been revised
- Other:

UPDATED



First American Title

First American Title Company

**6683 Owens Drive
Pleasanton, CA 94588**

Escrow Officer: Diane Burton
Phone: (925)738-4050
Fax No.: (866)648-7806
E-Mail: dburton@firstam.com

Title Officer: Jim Benson
Phone: (925)225-2643
Fax No.: (866)493-5440
E-Mail: jbenson@firstam.com

E-Mail Loan Documents to: Please contact the Escrow Officer for email address for sending loan documents.

Property: Treasure Island and Yerba Buena Island
San Francisco, California

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of November 27, 2013 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

ALTA Extended Loan Policy - 2006

ALTA Extended Owner Policy - 2006

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

United States of America and the State of California, as their interests may appear as to tide and submerged lands and United States of America as to the remainder

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee as to Parcel(s) ONE, ONE-A AND ONE-B, an easement as to Parcel(s) TWO, THREE, FOUR, S2, S3, S4 and N13.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

**THE FOLLOWING TITLE EXCEPTIONS AFFECT PARCELS ONE,
ONE-A, ONE-B, TWO, THREE AND FOUR:**

1. Intentionally Deleted
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
- 2a. The lien of special tax assessed pursuant to Chapter 2.5 commencing with Section 53311 of the California Government Code for Community Facilities District No. 90-1 of the San Francisco Unified School District, as disclosed by Notice of Special Tax Lien recorded July 5, 1990 as Instrument No. E573343 of Official Records.
3. Rights and Easements for Commerce, Navigation and Fishery.
Affects: tide and submerged lands
4. Any adverse claim based upon the assertion that some portion of said land is tide or submerged lands, or has been created by artificial means or has accreted to such portion so created.

5. Intentionally Deleted
6. Intentionally Deleted
7. Intentionally Deleted
8. Intentionally Deleted
9. Intentionally Deleted
10. The terms, conditions, reservations and provisions (including easement provisions) of the Act of the Legislature of March 9, 1897 (1897 Cal. Stat. ch. 81, page 74) entitled "An Act relinquishing to the United States of America the title of this State to certain land" and the effect of any failure to comply therewith.

(Affects tide and submerged land for a distance of 300 yards beyond the low water mark)
11. Intentionally Deleted
12. The terms, conditions, reservations and provisions (including easement provisions) of the Act of the Legislature of October 12, 1997 (1997 Cal. Stat. ch. 898, page 6444) and as same may be amended and the effect of any failure to comply therewith.
13. Intentionally Deleted
14. Intentionally Deleted
15. Intentionally Deleted
16. The Terms, Provisions and Easement(s) contained in the document entitled "Agreement between United States of America and State of California relating to the San Francisco-Oakland Bay Bridge Crossing", executed by and between United States of America, acting by and through the Department of the Navy and State of California, acting by and through the Department of Public Works, recorded February 14, 1963 as Book A542, Page 874, Instrument No. L67470 of Official Records.
17. An easement for a communication cable line and incidental purposes, recorded January 7, 1966 as Book B6, Page 29 of Official Records.
In Favor of: The Pacific Telephone and Telegraph Company
Affects: portions of Parcels One, One-A and Three on Yerba Buena Island
18. An easement for underground conduits and cables and incidental purposes, recorded June 8, 1967 as Book B150, Page 161 of Official Records.
In Favor of: The Pacific Telephone and Telegraph Company
Affects: A portion of Parcel One-B
19. Intentionally Deleted

20. An easement for a communication cable line and incidental purposes, recorded October 23, 1968 as Book B283, Page 351 of Official Records.
In Favor of: The Pacific Telephone and Telegraph Company
Affects: portions of Parcels One-B, Three and Four
21. An easement for telephone facilities and incidental purposes, recorded November 13, 1968 as Instrument No. R25940, Book B288, Page 949 of Official Records.
In Favor of: Pacific Telephone and Telegraph Company
Affects: a portion of Parcel One-B
22. The terms, provisions and easements contained in the document entitled Agreement for Bridge and Highway Purposes, executed by and between Department of Public Works, Division of Highways, Division of Toll Crossings and the California Toll Bridge Authority of the State of California and the San Francisco Port Authority and , recorded February 27, 1969, in Book B315, Page 786 as Instrument No. R45666 of Official Records.
23. An easement for a communication cable line and incidental purposes, recorded June 24, 1969 as Book B347, Page 264 of Official Records.
In Favor of: The Western Union Telegraph Company
Affects: southwestern portions of Parcel One on Yerba Buena Island and a portion of Parcel Three
24. An easement for a communication cable line and incidental purposes, recorded December 14, 1971 as Book B586, Page 946 of Official Records.
In Favor of: The Pacific Telephone and Telegraph Company
Affects: a southwestern portion of Parcel One on Yerba Buena Island and a portion of Parcel Three
25. An easement for communication cable and related facilities and incidental purposes, recorded April 19, 1977 as Instrument No. Z096273, Book C350, Page 552 of Official Records.
In Favor of: Pacific Telephone and Telegraph Company
Affects: a western portion of Yerba Buena Island
26. An easement for communication lines and appurtenant structures and incidental purposes, recorded November 9, 1979 as Instrument No. C46224, Book C894, Page 692 of Official Records.
In Favor of: Western Union Telegraph Company, A New York Corporation
Affects: a western portion of Parcel One on Yerba Buena Island and a portion of Parcel Three
27. An easement for an underground conduit structure and incidental purposes, recorded May 31, 1989 as Instrument No. E374419, Book E881, Page 1426 of Official Records.
In Favor of: Pacific Bell
Affects: a portion of Parcel One-B and a portion of Parcel Three
28. Intentionally Deleted

29. An easement for an underground conduit structure for a submarine cable and incidental purposes, recorded May 3, 1993 as Instrument No. F347788, Reel F870, Image 718 of Official Records.

In Favor of: American Telephone and Telegraph Company
Affects: a portion of Treasure Island

Assignment of right of way, upon the terms, covenants and conditions thereof, for the purposes state herein and incidental purposes created in that certain instrument

Assignee: Nextlink California, LLC
Recorded: August 3, 2000, Reel H693, Page 337, Official Records
Series: 2000-809079

30. The terms and provisions contained in the document entitled "Retraction of Legislative Jurisdiction" recorded August 14, 1997 as Instrument No. 1997-G199972, Reel G946, Page 529 of Official Records.

NOTE: This title exception will be deleted upon the recording of a deed divesting the United States of America of its interest in the land.

31. An unrecorded lease, executed by The United States of America, acting by and through the Department of the Navy as lessor and Treasure Island Development Authority, a non-profit public benefit corporation as lessee, as disclosed by a Memorandum of Lease recorded April 14, 1999 as Instrument No. 99-G550349-00, Reel H363, Image 312 of Official Records.

(Affects a portion of Treasure Island and a portion of Yerba Buena Island)

32. An unrecorded Sublease, executed by Treasure Island Development Authority, a non-profit public benefit corporation as Sublessor and The John Stewart Company, a California corporation as Sublessee, as disclosed by a Memorandum of Sublease recorded April 14, 1999 as Instrument No. 99-G550350, Reel H363, Image 313 of Official Records.

(Affects a portion of Treasure Island and a portion of Yerba Buena Island)

33. Intentionally Deleted

34. Notices, covenants, conditions, reservations in fee, easements (including, but not limited to, Temporary Construction Easements), relinquishment of abutters rights and access rights to freeway and other matters (including a notice of the existence of hazardous waste within the parcels subject to the quitclaim deed referenced below) as set forth in that certain instrument Entitled: Quitclaim Deed

Executed by and between: United States of America, acting by and through the Department of Transportation, Federal Highway Administration and State of California, acting by and through the Department of Transportation
Recorded: October 26, 2000 in Reel H751, Image 410, Official Records
Instrument No: 2000-G855531

35. Intentionally Deleted

36. The terms and provisions contained in the document entitled Consent to Common Use Agreement (Quitclaim and Easement for Utilities), executed by and between United States of America, acting by and through the Department of the Navy and the State of California, acting by

and through the Department of Transportation and , recorded November 10, 2004, in Reel I762, Image 888 as Instrument No. 2004-H849471 of Official Records.

Purpose: Operation, maintenance, repair, replacement, rehabilitation and inspection of, and access to utilities.

37. Notices, covenants, conditions, reservations in fee, easements (including, but not limited to, Temporary Construction Easements), relinquishment of abutters rights and access rights to freeway, restrictions and other matters (including a notice of the existence of hazardous waste within the parcels subject to the quitclaim deed referenced below) as set forth in that certain instrument
Entitled: Quitclaim Deed
Executed by: United States of America, acting by and through the Department of Transportation, Federal Highway Administration and State of California, acting by and through the Department of Transportation
Recorded: December 2, 2004 in Reel I775, Image 477, Official Records
Instrument No: 2004-H860853

38. Intentionally Deleted

39. The terms and provisions contained in the document entitled Disposition and Development Agreement, executed by and between Treasure Island Development Authority and Treasure Island Community Development, LLC and , recorded August 10, 2011, in Book K457, Page 142 as Instrument No. 2011-J235239 of Official Records.

Said document includes a notice of Federal Facility Site Remediation Agreement.

40. The terms and provisions contained in the document entitled Development Agreement, executed by and between City and County of San Francisco and Treasure Island Community Development, LLC and , recorded August 10, 2011, in Book K457, Page 143 as Instrument No. 2011-J235240 of Official Records.

41. Any facts, rights, interests or claims which would be disclosed by a correct ALTA/ACSM survey.

42. Intentionally Deleted

43. Intentionally Deleted

44. Rights of parties in possession.

45. Intentionally Deleted

46. Intentionally Deleted

47. Intentionally Deleted

- 47a. Easements for access, construction and incidental purposes, recorded November 27, 2013 as Instrument No. 2013-J798283 of Official Records.

In Favor of: Treasure Island Development Authority
Affects: Portions of the land

Terms and provisions contained in the above document.

**THE FOLLOWING TITLE EXCEPTIONS AFFECT PARCELS S2, S3, S4
AND N13:**

48. Intentionally Deleted
49. Rights and easements for commerce, navigation and fishery.

Said matter affects Parcel S2, S3 and S4.
50. THE TERMS AND CONDITIONS of Legislative Grant Statutes of 1911, Chapter 657, and Legislative Grant Statutes of 1931, Chapter 621.

Affects: Parcels S2, S3 and S4.
51. Any easements or lesser rights in favor of Pacific Gas and Electric Company or others, to use, operate, maintain or reconstruct an existing line of electric poles and wires as disclosed by the Indenture recorded April 23, 1941, Instrument No. OO-22157, Book 4017, Page 485 of Official Records.

Said matter affects those portions of Parcels S3 and S4 lying within 14th Street.
52. An easement for outfall sewer line and incidental purposes, recorded September 23, 1949 as Instrument No. AD-64847, Book 5894, Page 349 of Official Records.
In favor of: East Bay Municipal Utility District
Affects: A portion of Parcel S3

Terms and provisions contained in the above document.
53. An easement for rail, roadway and utility purposes, right of access and incidental purposes, recorded February 24, 1960 as Instrument No. AR21105, Reel 32, Image 660 and Instrument No. AR21106, Reel 32, Image 644 of Official Records.
In Favor of: The City of Oakland
Affects: Portions of Parcel S3
54. An unrecorded easement for gas pipeline and incidental purposes dated March 15, 1966, as disclosed by the Grant of Easement recorded December 26, 1989 as Instrument No. 89-345502 of Official Records.
In Favor of: Pacific Gas and Electric Company
Affects: Parcel N13
55. The terms and provisions contained in the document entitled Grant of Easement recorded March 7, 1984 as Instrument No. 84-043869 of Official Records.

Said matter affects Parcel N13.

56. An easement for electric overhead transmission pole line and incidental purposes, recorded March 25, 1993 as Instrument No. 93093885 of Official Records.
In Favor of: Pacific Gas & Electric Company
Affects: A portion of Parcel S2.
57. The terms, provisions and other matters contained in the document entitled Quitclaim Deed (including notices of the existence of hazardous waste within the parcels described in said document), recorded June 15, 1999 as Instrument No. 99222447 of Official Records.

Document re-recorded December 3, 2002 as Instrument No. 2002561013 of Official Records.

Said matters affect Parcel S2.
58. An easement for temporary construction and incidental purposes, recorded February 13, 2002 as Instrument No. 2002072862 of Official Records.
In Favor of: The State of California, Department of Transportation
Affects: A portion of Parcel S3

Terms, provisions and other matters contained in the above document (including a notice of the existence of hazardous waste within the parcels described in said document).
59. An easement for road purposes and incidental purposes, recorded February 13, 2002 as Instrument No. 2002072864 of Official Records.
In Favor of: The State of California
Affects: A portion of Parcel S3

Terms, provisions and other matters contained in the above document (including a notice of the existence of hazardous waste within the parcels described in said document).
60. The terms, provisions and other matters contained in the document entitled Quitclaim Deed for No-Cost Economic Development Conveyance Parcel (including a notice of the existence of hazardous waste within the parcels described in said document), recorded August 8, 2003 as Instrument No. 2003466370 of Official Records.

Said matter affects Parcel S3.
61. An unrecorded easement (DA-04-167-Eng-2830) for water pipeline and incidental purposes, dated June 15, 1964, as disclosed by the Quitclaim Deed recorded August 8, 2003 as Instrument No. 2003466370 of Official Records.
In Favor of: East Bay Municipal Utility District
Affects: A portion of Parcel S3

Terms and provisions contained in the above document.
62. An unrecorded easement (DACA05-2-70-01) for underground communication cable line and incidental purposes, dated January 8, 1970, as disclosed in the Quitclaim Deed recorded August 8, 2003 as Instrument No. 2003466370 of Official Records.
In Favor of: The Pacific Telephone and Telegraph Company
Affects: A portion of Parcel S3

Terms and provisions contained in the above document.

63. An unrecorded easement (SFRE (S) 499) for underground communication cable line and incidental purposes, dated January 25, 1954, as amended by supplements dated June 29, 1965, May 19, 1966, May 29, 1968 and June 23, 1970, as disclosed by the quitclaim deed recorded August 8, 2003 as Instrument No. 2003466370 of Official Records.

In Favor of: The Pacific Telephone and Telegraph Company
Affects: A portion of Parcel S3

Terms and provisions contained in the above document.

64. Intentionally Deleted

65. The terms, provisions and other matters contained in the document entitled Quitclaim Deed (including a notice of the existence of hazardous waste within the parcels described in said document), recorded June 29, 2007 as Instrument No. 2007243218 of Official Records.

Said matter affects Parcel S4.

66. Any facts, rights, interests or claims which would be disclosed by a correct ALTA/ACSM survey.

67. Intentionally Deleted

68. The requirement that the easements described in Parcels S2, S3, S4 and N13 be included the recorded deed to the proposed insured or that a sufficient assignment of those easements to the proposed insured be recorded.

69. The requirement that the United States Department of the Navy provide written confirmation that no off-record agreements have been executed that supersede the easement reservations described in Parcels S3 and S4 of this report (as contemplated in provisions of the documents containing the reservations).

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. General and special taxes and assessments for the fiscal years 2013-2014 are currently exempt.
2. Consider City of San Francisco Transfer Tax:
 - \$100 to \$250,000 at \$2.50 per \$500 (\$5.00 per thousand)
 - \$250,00 to \$1,000,000 at \$3.40 per \$500 (\$6.80 per thousand)
 - \$1,000,000 to \$5,000,000 at \$3.75 per \$500 (\$7.50 per thousand)
 - \$5,000,000 to \$10,000,000 at \$10.00 per \$500 (\$20.00 per thousand)
 - \$10,000,000 or more at \$12.50 per \$500 (\$25.00 per thousand)

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the City and County of San Francisco, State of California, described as follows:

PARCEL ONE:

Treasure Island Development Authority Property:

All those lands comprised of portions of the lands commonly known as Treasure Island and Yerba Buena Island lying within the City and County of San Francisco, State of California as described and defined in and subject to the terms, conditions, reservations and provisions of the Treasure Island Public Trust Exchange Act as set forth in the Act of Legislature of approved October 13, 2007 (Chapter 898, Statutes of 1997) and as same may be further amended said lands being and more particularly described as follows:

That portion of the lands described in that certain Presidential Reservation of Goat Island (now Yerba Buena Island), dated November 6, 1850, lying northwesterly of Parcel 57935-1 as described in that certain Quitclaim Deed, recorded October 26, 2000, as Document Number 2000G855531, in the office of the Recorder of the said City and County of San Francisco (hereinafter referred to as Doc. 2000G855531), together with all of the underlying fee to Parcel 57935-5 as described in said Quitclaim Deed (Doc. 2000G855531),

And all of the underlying fee to Parcel 57935-6 as described in said Quitclaim Deed (Doc. 2000G855531),

And also that portion of the tide and submerged lands in San Francisco Bay, relinquished to the United States of America by that certain act of the Legislature of the State of California by Statutes of the State of California of 1897, Chapter 81 (hereinafter referred to as Stat. 1897, Ch. 81), and also together with all of the Tidelands and Submerged Lands in San Francisco Bay known as Treasure Island as described in that certain Final Judgment of Condemnation, filed April 3, 1944, in the District Court of the United States in and for the Northern District of California, Southern Division, Case Number 22164-G (hereinafter referred to as Case 22 164-G),

Excepting therefrom, that portion of the said Tidelands and Submerged Lands in San Francisco Bay known as Treasure Island (Case 22164-G), commonly referred to as the Job Corps Center, Treasure Island, which was transferred to the United States Department of Labor by that certain document entitled "Transfer and Acceptance of Military Real Property", Dated March 3, 1998,

And also excepting therefrom, that portion of the said Tide and Submerged Lands in San Francisco Bay, relinquished to the United States of America (Stat. 1897, Ch. 81), within the "Army Reservation, Occupied by U.S. Light House Service under Permit from Secretary of War dated May 27, 1872" as shown and described upon that certain map entitled "Plat of Army and Navy reservations on Yerba Buena (Goat) Island, San Francisco Bay, California",

And further excepting therefrom, that portion of the Tide and Submerged Lands in San Francisco Bay, relinquished to the United States of America (Stat. 1897, Ch. 81) which were transferred to the United States Coast Guard by that certain document entitled "Transfer and Acceptance of Military Real Property", Dated November 26, 2002.

Also excepting therefrom portions of the following properties within the said tide and submerged lands relinquished by Statue 1897, Chapter 81 which were transferred to the United Sates Coast Guard: a 1.0835 acre parcel transferred per form 1354 Transfer and Acceptance of Military Real Property dated April 17, 1998; a 2.71 acre parcel transferred by letter dated August 20, 1974 signed by Harold J. Hansen, accepted by J.B. Hayes, Rear Admiral, US Coast Guard; a 8.207 acre parcel transferred per form

1354, Transfer and Acceptance of Military Real Property dated June 14, 1967;

And also excepting therefrom that portion of said Tide and Submerged Lands relinquished by Statue 1897, Chapter 81, which is a part of Parcel 57935-1 as described in that certain Quitclaim Deed, recorded October 26, 2000 as Document Number 2000G855531, in the Office of the Recorder of the City and County of San Francisco.

Also excepting therefrom, those portions conveyed to the Treasure Island Development Authority by the Deed recorded November 27, 2013 as Document No. 2013-J798283 in the Official Records of the City and County of San Francisco.

As portions of said land are shown on that certain Record of Survey filed for record July 15, 2003 in Book AA of maps at pages 85 through 95, inclusive, and as shown on the map entitled "Map and Metes and Bounds Description of United States Military and Naval Reservations, Yerba Buena (Goat) Island, California" including land ceded by the State of California by Act of Legislature of the State of California, approved March 9, 1897 (Stat. Cal., 1897, p. 74) filed April 12, 1934 in Book N of Map at Page 14, in the Office of the Recorder of the City and County of San Francisco and as shown on the diagram "Treasure Island Public Trust Exchange Act" dated 01/12/2007.

PARCEL ONE-A

That portion of Parcel 57935-1 as described in that certain Quitclaim Deed recorded October 26, 2000, as Document Number 2000G855531, in the Office of the Recorder of the City and County of San Francisco, which is above elevation 270.00 feet (San Francisco-Oakland Bay Bridge 1933 Mean Lower Low Water Datum) and between the contour lines of the 270.00 foot elevation that cross said Parcel 57935-1, as those contour lines are depicted on Exhibit B of Document Number 2000G855531.

Excepting therefrom, those portions conveyed to the Treasure Island Development Authority by the Deed recorded November 27, 2013 as Document No. 2013-J798283 in the Official Records of the City and County of San Francisco.

PARCEL ONE-B

That portion of the lands described in that certain Presidential Reservation of Goat Island (now known as Yerba Buena Island), dated November 6, 1850, lying southerly of Parcel 57935-1 as described in that certain Quitclaim Deed recorded October 26, 2000, as Document Number 2000G855531, in the Office of the Recorder of the City and County of San Francisco, and shown cross-hatched on Exhibit A attached.

NOTE: THE ABOVE DESCRIPTIONS ARE BASED UPON INFORMATION SUBMITTED TO THIS COMPANY FOR THE PURPOSE OF THIS REPORT, AND ARE NOT BASED UPON A SURVEY. SAID DESCRIPTIONS DO NOT LOCATE THE LAND BY REFERENCE TO MONUMENTS OF RECORD AND ARE NOT SUFFICIENT FOR TITLE INSURANCE PURPOSES. LINES AND MONUMENTS THEREIN REFERRED TO MUST BE LOCATED BY A CORRECT SURVEY, CONSIDERATION BEING GIVEN TO DESCRIPTIONS OF ADJOINING LANDS NOT INTENDED TO BE INCLUDED WITHIN THE DEVELOPMENT AREA. ANY FINAL REPORT OR POLICY IS DEPENDENT UPON SUCH PROPER DESCRIPTIONS BEING FURNISHED AND WILL BE SUBJECT TO ANY MATTERS DISCLOSED BY THE TITLE SEARCH OF ANY ADDITIONAL LAND DISCLOSED BY SUCH DESCRIPTIONS.

PARCEL TWO:

Easements for roadway and utility purposes, as reserved in paragraphs 1(B) and 1(E) of the Quitclaim Deed recorded October 26, 2000 as Document No. 2000-G855531 in the office of the Recorder of the City

and County of San Francisco, over and across portions of Parcel 57935-1 as described in said Deed.

PARCEL THREE:

A non-exclusive easement, as granted in the Consent to Common Use Agreement (Quitclaim and Easement for Utilities) recorded November 10, 2004 as Document No. 2004-H849471 in the office of the Recorder of the City and County of San Francisco, for the operation, maintenance, repair, replacement, rehabilitation, inspection of, and access to electric, natural gas, water, sanitary sewer and storm sewer utilities located on portions of Parcel 57935-1 as said Parcel is described in the Quitclaim Deed recorded October 26, 2000 as Document Number 2000-G855531 in the office of the Recorder of the City and County of San Francisco,

PARCEL FOUR:

Non-exclusive easements for access and utility purposes, as reserved in the Quitclaim Deed recorded December 2, 2004 as Document No. 2004-H860853 in the office of the Recorder of the City and County of San Francisco, upon and within portions of Parcel 58759-1 as described in said Deed.

Real property in the City of Oakland , County of Alameda, State of California, described as follows:

PARCEL S2:

A non-exclusive easement for poles, electrical lines and appurtenant facilities and equipment located between Davis Substation and the boundary of the Oakland Army Base, together with the rights of ingress and egress to operate, inspect, maintain, repair, remove, and replace said electrical line and parts thereof, as reserved in the Quitclaim Deed from the United States of America, acting by and through the Department of the Navy, to the City of Oakland, acting by and through its Board of Port Commissioners, recorded June 15, 1999 as Instrument No. 99222447, and re-recorded December 3, 2002 as Instrument No. 2002561013, Alameda County Official Records.

PARCEL S3:

An easement to construct, operate, inspect, maintain , repair, remove and replace overhead and underground electric lines, poles, conduits, and appurtenant facilities and equipment, as reserved in the Quitclaim Deed from the United States of America, acting by and through the Secretary of the Army, to the Oakland Base Reuse Authority, recorded August 8, 2003 as Instrument No. 2003466370, Alameda County Official Records, over, under and within that certain area described and shown on Exhibit D attached to said Quitclaim Deed.

PARCEL S4:

An easement to construct, operate, inspect, maintain , repair, remove and replace overhead and underground electric lines, poles, conduits, and appurtenant facilities and equipment, as reserved in the Quitclaim Deed from the United States of America, acting by and through the Deputy Assistant Secretary of the Army, to the City of Oakland, a municipal corporation acting by and through its Board of Port Commissioners, recorded June 29, 2007 as Instrument No. 2007243218, Alameda County Official Records, over, under and within that certain area described and shown on Exhibit B attached to said Quitclaim Deed.

PARCEL N13:

A non-exclusive easement for the construction, reconstruction, maintenance, removal and use of a twelve inch diameter underground ductile iron water supply pipeline together with the necessary appurtenances thereto, as granted in the Grant of Easement from the East Bay Municipal Utility District to the United State of America, acting through the Department of the Navy, recorded March 7, 1984, Series No. 84-043869, Alameda County Official Records, within the boundaries of the real property described in Exhibit A attached to said Grant of Easement.

APN: 1939-001 (Treasure Island) (portion)
APN: 1939-002 (Yerba Buena Island) (portion)
and lands not currently assessed

NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

If you have any questions about the effect of this new law, please contact your local First American Office for more details.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990
SCHEDULE B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notice of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
(a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
(c) resulting in no loss or damage to the insured claimant;
(d) attaching or created subsequent to Date of Policy; or
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by their policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

2. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970
SCHEDULE OF EXCLUSIONS FROM COVERAGE

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions of area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy; or (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

**3. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 2 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

**4. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE
SCHEDULE OF EXCLUSIONS FROM COVERAGE**

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant, (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder, (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy (except to the extent insurance is afforded herein as to any statutory lien for labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy).
4. Unenforceability of the lien of the insured mortgage because of failure of the insured at Date of Policy or of any subsequent owner of the indebtedness to comply with applicable "doing business" laws of the state in which the land is situated.

**5. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association Lenders Policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy, the exclusions set forth in paragraph 4 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**6. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy;
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or the extent insurance is afforded herein as to assessments for street improvements under construction or completed at date of policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

7. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH REGIONAL EXCEPTIONS

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 6 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

8. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992 EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance

- resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
 3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
 4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

**9. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 8 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**10. AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL
TITLE INSURANCE POLICY - 1987
EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

* land use	* land division
* improvements on the land	* environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
 - * a notice of exercising the right appears in the public records on the Policy Date
 - * the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
 - * that are created, allowed, or agreed to by you
 - * that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
 - * that result in no loss to you
 - * that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
 - * to any land outside the area specifically described and referred to in Item 3 of Schedule A, or
 - * in streets, alleys, or waterways that touch your landThis exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

11. EAGLE PROTECTION OWNER'S POLICY

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 2008
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 2008**

Covered Risks 16 (Subdivision Law Violation). 18 (Building Permit). 19 (Zoning) and 21 (Encroachment of boundary walls or fences) are subject to Deductible Amounts and Maximum Dollar Limits of Liability

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building
 - b. zoning
 - c. land use
 - d. improvements on the land
 - e. land division
 - f. environmental protectionThis Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.This Exclusion does not limit the coverage described in Covered Risk 11 or 21

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: Covered Risk 16, 18, 19 and 21, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A. The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

12. THIRD GENERATION EAGLE LOAN POLICY AMERICAN LAND TITLE ASSOCIATION EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (1/01/08)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions, or location of any improvement erected on the Land; (iii) the subdivision of land; or (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
 6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
 8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.

13. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 2006
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

14. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 2006
WITH REGIONAL EXCEPTIONS

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 13 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

15. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 2006
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

16. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 2006
WITH REGIONAL EXCEPTIONS

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 15 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.



First American Title

Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet.

In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.

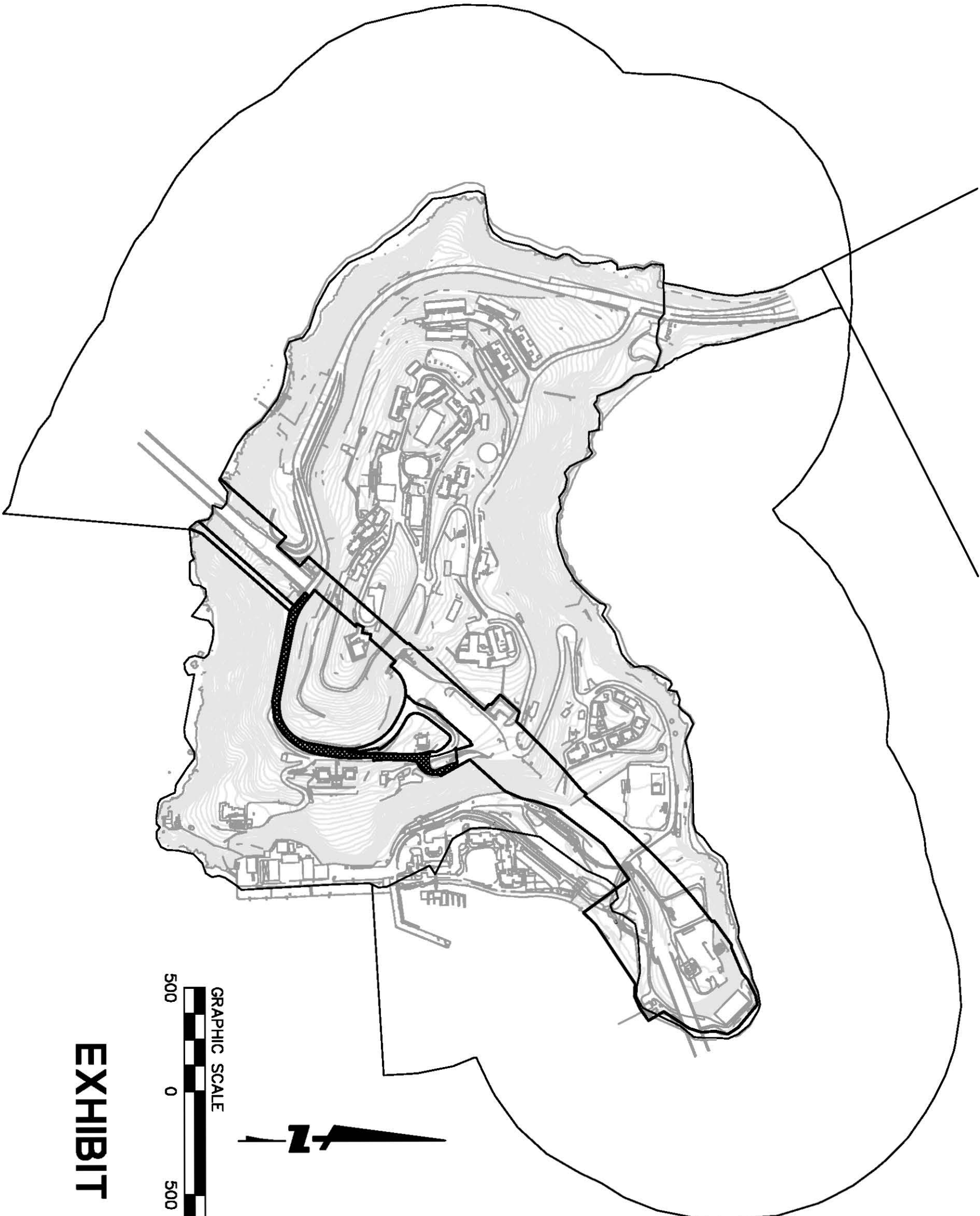


EXHIBIT A

Title Exceptions to be Removed, Released or Insured

Excerpted from Preliminary Title Report generated by First American Title Company dated as of December 13, 2011 at 7:30 A.M (Order No. 0131-618431ala), a copy of which is attached as Exhibit T to the Economic Development Conveyance Memorandum of Agreement.

17. An easement for a communication cable line and incidental purposes, recorded January 7, 1966 as Book B6, Page 29 of Official Records.
In Favor of: The Pacific Telephone and Telegraph Company
Affects: portions of Parcels One, One-A and Three on Yerba Buena Island
18. An easement for underground conduits and cables and incidental purposes, recorded June 8, 1967 as book B150, Page 161 of Official Records.
In Favor of: The Pacific Telephone and Telegraph Company
Affects: portions of Parcel One-B
20. An easement for a communication cable line and incidental purposes, recorded October 23, 1968 as Book B283, Page 351 of Official Records.
In Favor of: The Pacific Telephone and Telegraph Company
Affects: portions of Parcels One-B, Three and Four
21. An easement for telephone facilities and incidental purposes, recorded November 13, 1968 as Instrument No. R25940, Book B288, Page 949 of Official Records.
In Favor of: Pacific Telephone and Telegraph Company
Affects: a portion of Parcel One-B
23. An easement for a communication cable line and incidental purposes, recorded June 24, 1969 as Book B347, Page 264 of Official Records.
In Favor of: The Western Union Telegraph Company
Affects: southwestern portions of Parcel One on Yerba Buena Island and a portion of Parcel Three
24. An easement for a communication cable line and incidental purposes, recorded December 14, 1971 as Book B586, Page 946 of Official Records.
In Favor of: The Pacific Telephone and Telegraph Company
Affects: a southwestern portion of Parcel One on Yerba Buena Island and a portion of Parcel Three

25. An easement for communication cable and related facilities and incidental purposes, recorded April 19, 1977 as Instrument No. Z096273, Book C350, Page 552 of Official Records.
In Favor of: Pacific Telephone and Telegraph Company
Affects: a western portion of Yerba Buena Island
26. An easement for communication lines and appurtenant structures and incidental purposes, recorded November 9, 1979 as Instrument No. C46224, Book C894, Page 692 of Official Records.
In Favor of: Western Union Telegraph Company, A New York Corporation
Affects: a western portion of Parcel One on Yerba Buena Island and a portion of Parcel Three
27. An easement for an underground conduit structure and incidental purposes, recorded May 31, 1989 as Instrument No. E374419, Book E881, Page 1426 of Official Records.
In Favor of: Pacific Bell
Affects: a portion of Parcel One-B and a portion of Parcel Three
29. An easement for an underground conduit structure for a submarine cable and incidental purposes, recorded May 3, 1993 as Instrument No. F347788, Reel F870, Image 718 of Official Records.
In Favor of: American Telephone and Telegraph Company
Affects: a portion of Treasure Island

Residential Lots
Appraisal Instructions
Former Naval Station Treasure Island
San Francisco, California

I. Introduction:

This scope of work is to appraise the market value of the fee simple interest of certain land parcels of the former Naval Station Treasure Island (NSTI) in accordance with the standards and guidelines of the Uniform Standards for Professional Appraisal Practice (USPAP).

The following appraisal instructions are intended to detail the scope, standards, process, and guidelines for the valuations of the property assigned to be appraised, (the "Subject Property"). The Subject Property will consist of residential lots referred to herein as Developer Lots. The appraisal instructions herein will represent the only guidance that shall be utilized in completing this valuation assignment. This appraisal will set the purchase price of the land parcels for the Developer. The appraisal will be reviewed by the Navy and the Developer.

II. Background Information:

The former NSTI is located on two islands located within one mile of the bay shores of the city of San Francisco and connected via the Bay Bridge to Oakland and the East Bay. NSTI is entirely within the jurisdictional boundaries of the City and County of San Francisco (the "Property"). NSTI covers all of Treasure Island, an artificial island, and most of Yerba Buena Island, a natural island.

Treasure Island was constructed in 1936 and 1937 for the initial purpose of hosting the Golden Gate International Exposition. After the exposition, the island was converted to a Navy base. During World War II, the island served as a center for receiving, training, and dispatching of service personnel. Since World War II, the Navy had used the island primarily as a training and administrative center. Yerba Buena Island is a natural island where the US Army established a post on the northeastern side adjacent to present day Clipper Cove in 1867. In the 1890's, the Army built a small torpedo station complex on the island; one building, the Torpedo Depot, remains. The US Army maintained a small base on the island until 1960. In 1898, the Navy also established a training station there, which after 1923 operated as a receiving station for servicemen returning from overseas.

In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission (BRAC). The Treasure Island Development Authority (TIDA) was designated as the Local Redevelopment Authority responsible for the redevelopment of NSTI.

In 1997, under the Treasure Island Conversion Act, 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 and the City (i) designated TIDA as the redevelopment agency under California Redevelopment Law with authority over NSTI, and (ii), with respect to those portions of NSTI which under the Act are subject to the public trust for

commerce, navigation and fisheries (the "Tidelands Trust"), vested in TIDA the authority to administer the Tidelands Trust as to such property.

Under Senate Bill 1873, which the Governor signed into law on September 15, 2004, the California State Legislature authorized a Tidelands Trust Exchange for the Project. Because under the act the Tidelands Trust generally does not apply to most of Yerba Buena Island, in the exchange, the Trust would be lifted from the portions of Treasure Island that are planned for residential and other nonpermitted Trust uses and imposed on portions of Yerba Buena Island that currently are not subject to the Tidelands Trust.

In July 2007, TIDA submitted an Economic Development Conveyance (EDC) application based on a development plan approved by the San Francisco Board of Supervisors in December 2006 (the "Development Plan"). In June 2011 TIDA and a private developer executed a Disposition and Development Agreement ("DDA") governing the redevelopment of NSTI. In _____, 2012, the United States of America executed an Economic Development Conveyance Memorandum of Agreement (EDC MOA) with TIDA regarding conditions of transfer of NSTI to TIDA. In accordance with the EDC MOA, TIDA is required to conduct appraisals of certain Developer Lots.

III. Property Description:

Insert details and description of property to be appraised.

Details to include:

- Land identifier (parcel number, phase, etc.)
- Legal description
- Land area (size)
- Excess Land Appreciation Structure as defined by major phase by product type

Description to include:

- Entitled development plan (number of units, commercial space, parking, etc.)
- Environmental use restrictions
- Covenants, Conditions, and Restrictions
- Land parcel's relationship to major phase and island-wide development plan
- Neighborhood amenities and improvements, including views, recreational facilities, dining, shopping, parks, security, access to transportation and other community amenities.

IV. Services Required:

1. The appraisal will be a self-contained report based on a comprehensive study and analysis and setting forth, in detail, all data, analysis, and conclusions, as necessary and typical of a complete, self-contained appraisal report. The appraisal preparation, documentation, and reporting shall be in conformity with the standards of USPAP. The appraisal report shall consider the highest and best use subject to the use dictated by the Development Plan as amended by TIDA per the DDA. The appraisal report must contain the following sections:

Title Page - This should include (a) the name, street address and agency assigned tract, or parcel, number (if any), of the property appraised, (b) the name and address of the individual(s) making the report, (c) the effective date of the appraisal, and (d) the

appraiser's license number and license expiration date. The effective date for the appraisal will be the date of the appraisal report.

Letter of Transmittal - This should include the date of the letter; identification of the property and property rights appraised; a reference that the letter is accompanied by a self-contained appraisal report; a statement of the effective date of the appraisal; identification of any hypothetical conditions, extraordinary assumptions, limiting conditions, or legal instructions; the value estimate, or estimates; factors considered beyond the expertise of the appraiser or otherwise not incorporated; and the appraiser's signature.

Table of Contents - The major parts of the appraisal report and their subheadings should be listed. Items in the addenda of any report shall be listed individually in the table of contents.

Appraiser's Certification - The appraisal report shall include an appraiser's signed statement certifying that:

- The statements of facts contained in the report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraiser;
- The appraiser has no present or prospective interest in the property appraised and no personal interest or bias with respect to the parties involved;
- The compensation received by the appraiser for the appraisal is not contingent on the analyses, opinions, or conclusions reached or reported;
- The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's *Uniform Standards for Professional Appraisal Practice*;
- The appraiser has made a personal inspection of the property appraised and that the property owner, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection;
- No one provided significant professional assistance to the appraiser. (If professional assistance was provided the appraiser, the name of the individual(s) providing such assistance must be stated and their professional qualifications should be included in the addenda of the appraisal report. This requirement includes both professional appraisal assistance and providers of subsidiary assistance, e.g., planning and permitting consultants, engineers, cost estimators, marketing consultants.)

The appraiser's certification shall also include the appraiser's opinion of the market value of the property appraised as of the effective date of the appraisal.

Appraisers may also add to their certifications certain items that may be required by law, the USPAP, and the appraiser's professional organization(s). However, appraisers should avoid adding certifications that are not pertinent to the specific appraisal (e.g., that the report was prepared in accordance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)) or that are beyond the scope of the appraisers' assignment. The appraiser's certification may alternately follow the appraiser's final estimate of value in the appraisal report.

Summary of Salient Facts and Conclusions - The appraiser shall report the major facts and conclusions that led to the final estimate(s) of value. This summary should include an identification of the property appraised; the highest and best use of the property; description of improvements (if any); indicated value of the property by each approach to value employed; the final estimate of value; and any hypothetical conditions, extraordinary assumptions, limiting conditions or instruction; and the effective date of the appraisal.

Photographs of Subject Property - Photographs are not required of existing improvements not deemed to be of highest and best use or historically significant and are likely to be demolished. Pictures shall show the front elevation of the major improvements, any unusual features, views of the abutting properties on either side and that property directly opposite, interior photographs of any unique features, and photographs of neighborhood amenities. When a large number of buildings are involved, including duplicates, one picture may be used for each type. Except for an overall view, photographs may be bound as pages facing the discussion or description of the photographs' content, or may be placed in the addenda of the report. Each photograph should be numbered, show the identification of the property and the date taken. In selecting photographs for inclusion in their reports, appraisers should bear in mind that some readers of the report may never have an opportunity to personally view the property. Therefore, they must rely on the photographs and the narrative description of the property provided by the appraiser to gain an adequate understanding of the physical characteristics of the property to judge the accuracy and reasonableness of the appraiser's analyses and value estimate(s).

Statement of Assumptions and Limiting Conditions - Any assumptions and limiting conditions that are necessary to the background of the appraisal shall be stated. Any client agency or special legal instructions provided the appraiser shall be referenced and a copy of such instructions shall be included in the addenda of the appraisal report. If the appraisal has been made subject to any encumbrances against the property, such as easements, these shall be stated. In this regard, it is unacceptable to state that the property has been appraised as if free and clear of all encumbrances, *except as stated in the body of the report*; the encumbrances *must* be identified in this section of the report. General assumptions and limiting conditions, such as typically contained in appraisal addenda, must be reviewed for pertinence to the assignment and allowability with respect to other provisions of the contract. General assumptions and limiting conditions that are not applicable and/or allowable shall be deleted, and all others shall be edited as necessary to be specifically applicable and appropriate. Also, assumptions and limiting conditions cannot be used by an appraiser to alter an appraisal contract, assignment letter, or the appraiser's scope of work. Unsupported hypothetical conditions, assumptions, or limiting conditions may result in disapproval of the appraisal report. The appraiser must also avoid assumptions and limiting conditions that are clearly the appraiser's own conclusions. While it may be appropriate for an appraiser to conclude and report that a probability exists that the property under appraisal could be rezoned, it is not appropriate for an appraiser to make an appraisal under the "assumption" that the property could be rezoned. The Development Plan, as amended by TIDA, establishes a precedent for land uses at the property. The adoption of an unapproved assumption, or hypothetical condition, that results in a valuation of other than the market value of the property appraised as of the effective date of the appraisal will, as a general rule, invalidate the appraisal.

Scope of the Appraisal - The appraiser shall describe the scope of investigation. The appraisal's scope should conform to its purpose and intended use. The intended use and purpose of the appraisal places specific demands on the scope of the investigation and analysis presented in the appraisal report. The appraisal report should clearly link the appraisal's scope with its purpose and intended use. The geographical area and time span searched for market data should be included, as should a description of the type of market data researched and the extent of market data confirmation. The appraiser should state the references and data sources relied upon in making the appraisal; if preferred, this information may be shown within the applicable approaches to value. The applicability of all standard approaches to value shall be discussed and the exclusion of any approach to value shall be explained. The appraiser has the burden of clearly explaining the implications of any hypothetical condition or extraordinary assumption adopted. The required explanation and discussion of the implications of such hypothetical condition or extraordinary assumption must be included in this section of the appraisal report.

Purpose of the Appraisal - This section shall include an explanation of the reason for the appraisal, and the definition of all value estimates required, and a description of the property rights appraised. The purpose of the appraisal will be to estimate the market value as of the date of the appraisal report.

This section should specifically identify the intended use and the intended user of the appraisal report. The intended user of the appraisal report will be the Contracting Party, and the intended use of the appraisal report will be to estimate the fair market value of the property as of the effective date of the appraisal report. Care should be taken to prepare the appraisal report in a manner that clearly meets the intended use of the report by the intended user. It is imperative that the appraiser utilize the correct definition of market value. For appraisals prepared under these Standards, appraisers shall use the following definition of market value:

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

This definition must be placed in this section of the appraisal report. No other definition of market value for purposes of appraisals made under these Standards is acceptable, unless otherwise required by a specific and cited federal law or regulation. Contrary to USPAP Standards Rule 1-2(c), this definition of market value does not call for the estimate of value to be *linked* to a specific *exposure time* estimate, but merely that the property be exposed on the open market for a *reasonable* length of time, given the character of the property and its market. Therefore, the appraiser's estimate of market value shall not be *linked* to a specific exposure time when conducting appraisals for purposes of acquiring federal land under these Standards. It is recognized that some appraisers' client groups (e.g., relocation companies, mortgage lenders) may require appraisers to estimate a *marketing time* for the property under appraisal. However, such estimates are inappropriate for, and must not be included in, appraisal reports prepared for acquisition of federal land under these Standards. "The request to provide a

reasonable marketing time opinion exceeds the normal information required for the conduct of the appraisal process” and is, therefore, beyond the scope of the appraisal assignment under these Standards.

Summary of Appraisal Problems - This section gives the appraiser the opportunity to acquaint the reader of the appraisal report with the specific appraisal problems, if any, which have been encountered by the appraiser and that will be discussed in detail in the body of the appraisal report. Appraisers are encouraged to take advantage of it. The appraiser should briefly describe the principal problems presented in estimating the market value of the property under appraisal and describe the estate to be taken. If the parcels under appraisal include water rights, minerals, or suspected mineral values, fixture values, timber values, or other rights of potential value, the treatment of their contributory value should be discussed, including the methodology employed to avoid the forbidden *summation* or *cumulative* appraisal. If the valuation of the property required the use of any consulting reports, these should be attached as addenda along with other sources of data for the analysis, and the appraiser should describe such reports, the method of utilization thereof, and the weight or reliance placed thereon.

2. The appraisal shall be performed based on the highest and best use that must take into account the Subject Property subject to the use dictated by the Development Plan as amended by TIDA per the DDA, and be accompanied by any supporting data.

All other methodologies other than that specifically addressed within this Scope of Work shall, to the extent practical, be based on market-derived data and methodology as formulated in a typical fair-market value appraisal. The appraiser shall consider all local, state, and federal ordinances, regulations, land use restrictions, engineering controls, and local practices when making a determination of the highest and best use.

3. All approaches to value should be considered when valuing the property. If the appraiser determines that a typical approach should be omitted, it must explain the reasons to support the exclusion in the appraisal report.

4. The appraiser shall explain the reasoning applied to arrive at the final opinion of value and how the results of each approach to value were weighed in that opinion, and the reliability of each approach to value for solving the particular appraisal problem. The appraiser shall also state his or her final estimate of value of all of the property under appraisal as a single amount.

5. TIDA shall provide the appraiser a copy of all records and data pertaining to the property detailed in Section VIII.

V. General Requirements:

1. The appraiser will be provided with Points of Contact for TIDA to assist in completing the assignment. For questions regarding the appraisal, please contact:

Name
Agency
Physical Address
Phone number and email address

2. All adjustments for dissimilarities between the appraised property and comparable market data, including sales comparables and rental data, as well as all discount and capitalization

rates, etc., must be supported by market data. The narrative description of the adjustment process shall be sufficiently complete to indicate to the reader that the adjustments or rates were derived and applied in a reasonable and rational fashion consistent with market data. The actual adjustments shall be set forth in an adjustment grid(s) and discussed in sufficient detail to lead the reader to the appraiser's conclusions.

3. A detailed description/analysis, with photographs, of the property and improvements under appraisal is required which includes: a plot plan, improvement plans and specifications with dimensions, a description of any special features or copy of the "as-built" site survey; description and size and shape of site, topographical features, soil and subsoil conditions (if known), drainage and flood zone information, access and ingress/egress, utilities availability, site's relationship to neighboring properties, potential or existing nuisances and hazards, easements, encroachments and right-of-ways, and overall functional adequacy of the site.

4. In addition to above, the following information is required for existing improvements determined to be the highest and best use or historically significant and which would remain on site: estimated size of the improvements detailed in the most standard market acknowledged unit(s), a description of interior and exterior construction features and layout, available and required number of parking spaces, physical and chronological age, total economic life, remaining economic life, effective age, quality and condition, deferred maintenance, current use, and functional utility of the improvements.

5. Photographs of all comparable market data utilized in the report shall be provided within the appraisal. Maps displaying the location of all market data must also be included. These maps should be detailed enough to show specific site identification and location so that market data can be located during a field review of the appraisal.

6. Comparable market data shall be presented in individual write-up sheets. Rental Comparable data sheets shall include at a minimum: physical address, improvement description, lessor/lessee, date of lease(s) or most recent rental transaction(s), lease rates and terms including: type of lease (gross, modified gross, triple net), TI allowances, rental concessions, expense allocations, size of space leased, etc., and date and source of verification. Comparable sales data sheets must include, at a minimum: physical address or legal description, grantor/grantee, sales price & date, financing terms and conditions to include cash equivalency, zoning, size and shape of site, description of improvements, current use, development of capitalization rate (if sale comparable is income producing) and date and source of verification. The appraiser must physically inspect all principle comparable data used.

The documentation of each comparable sale shall include:

- Parties to the transaction
- Date of transaction
- Confirmation of the transaction with buyer, seller, broker, or other person having knowledge of the price, terms, and conditions of sale, include names of person the sale was verified with and phone numbers.
- Buyer motivation
- Location
- Size
- Unit counts
- Property rights conveyed

- Consideration
- Financing terms
- Sale conditions, such as arm's length or distressed
- Improvements, include utilities available,
- Zoning
- Photographs

Cite pertinent facts such as date, size, buyer and seller, price, terms, location, and explain why each sale was not used. Properties on the market for sale, but not yet sold, may be included as comparables if the appraiser feels they are relevant to the analysis.

The appraiser shall adhere to USPAP direction pertaining to comparable sales requiring extraordinary verification and weighting considerations. These include sales to governmental agencies, sales to non-profit organizations, sales to environmental organizations, sales to parties desiring to exchange the land to the government, distressed sales, and other atypical or non-arm's length sales.

7. The appraiser must provide a line-item discussion reflecting the mathematical development of each income, expense, vacancy, infrastructure, cost-to-cure, or demolition item cited in the appraisal report. Property operating expenses must be supported by market data based on industry standards or supported by industry recognized income/expense manuals such as BOMA, IREM, etc.

8. If the appraiser chooses to use self-made or commercial appraisal software, such as ARGUS, DYNA, PROJECT, Microsoft Excel etc., he/she must provide all supporting printouts, spreadsheets, and electronic versions of the files, which support the Operating Statement or Discounted Cash Flow (DCF) Analyses provided within the appraisal.

VI. Special Considerations/Assumptions:

1. Tidelands Trust – use restriction applies to certain portions of land on YBI. Attached to this scope is an overview of Tidelands Trust.
2. Market Value – as of the effective date of the appraisal
3. Bay Bridge Completion Date – assume completion by 2013-2015 (including bridge demolition) - TBD.
4. Utilities – all required utilities will be available to support development.
5. Entitlements in place – all necessary entitlements will be in place as of the effective date. Assume the current status of development in the entitlements process.
6. Environmental Clean-up – areas affected by environmental contamination will be remediated to the proposed uses identified in the TIDA's July 1996 redevelopment plan, except in limited areas where otherwise agreed to with the regulatory agencies such as CERCLA Site 6. Use restrictions such as institutional controls may be imposed on certain portions of the property and these areas may require management of hazardous substances remaining in place in soil or groundwater during construction for development, or until concentrations have attenuated below unrestricted levels.
7. Geotechnical – assume stabilization and improvement of the Property for seismic purposes will be conducted.

VII. Appraiser Qualifications:

Appraisers shall be a State Certified General Real Property Appraiser in California where the subject property is located and be in good standing with the licensing authority where the credential was issued. Appraiser must also hold a current MAI membership designation from the Appraisal Institute. Additionally, appraiser must be practicing or working for at least 10 years in either a national firm, or a regional firm based in California and have particular experience with coastal California real property transactions involving the product type that is the subject of the appraisal. The appraiser must maintain independence from all Contracting Parties and not have any contractual relationships with Developers within the prior 24 months.

VIII. Information to be provided to the Appraiser:

1. TBD

IX. Timing & Process:

The following provides a projected schedule of key milestones. All days are completion dates from the date of award (number of days from previous task).

Contract Award Date – TBD

Kickoff Meeting with TIDA (+5 days) – TBD

Deliver Information to Appraiser (+3 days) – TBD

Property Inspection (+7 days) – TBD

Supplemental Information Request (if needed) – Anytime

Final Report (+30 days) – TBD

1. Pre-Work Conference: At the request of TIDA, the appraiser will be required to attend a pre-work conference for discussion and understanding of these instructions, including an update of the project schedule. TIDA shall extend an invitation to the Navy to attend the Pre-Work Conferences. The pre-work conference may be held in conjunction with the property examination.
2. The appraiser shall submit to the Contracting Party a complete, Self-Contained Appraisal Report along with three (3) signed copies and a live electronic copy of the appraisal report within the number of days (or date) specified within the fully executed contract for appraisal services.
4. The appraiser shall provide an electronic Portable Document Format (PDF) version of the signed appraisal report along with any maps, drawings, photos, graphs and all backup information to the Contracting Party.
6. Definition of Terms: Unless specifically defined herein or in USPAP, definitions of all terms are the same as those found in "The Dictionary of Real Estate Appraisal" (Appraisal Institute), current edition.
7. Testimony. Upon the request of the Department of Navy or United States Attorney or the Department of Justice, and the City of San Francisco, the appraiser shall, in any judicial proceedings, testify as to the value of any and all property included in the appraisal report as of the valuation date. Fees for these services shall be determined upon the Contracting Party's request for testimony.

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The Contracting Party and the appraiser acknowledge and agree that in the course of performing the Work under this agreement, the Contracting Party may disclose Confidential Information, which has been approved and authorized by Contracting Party for release, to the appraiser.

The appraiser agrees not to disclose the Contracting Party Confidential Information to any Third Party and to treat it with the same degree of care as it would its own confidential information. It is understood, however, that the appraiser may disclose the Contracting Party Confidential Information on a "need to know" basis to the appraiser's employees and Subcontractors. All such employees and Subcontractors of the appraiser shall have executed a confidentiality agreement with the Contracting Party requiring a promise of confidentiality concerning the Contracting Party Confidential Information.

Appraiser's valuations and supporting appraisal reports are confidential information as well and the appraiser shall strictly abide by the Confidentiality provisions of the Ethics Rule of USPAP, which provides as follows:

- An appraiser must protect the confidential nature of the appraiser-client relationship.
- An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results.
- An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than:
 - 1) the client and persons specifically authorized by the client;
 - 2) federal, state enforcement agencies and such third parties as may be authorized by due process of law; and
 - 3) a duly authorized professional peer review committee.

Under exception #1 in the preceding paragraph, appraisers must obtain written authorization from the Contracting Party before disclosure. The passage of time in and of itself does not extinguish either the appraiser's responsibility for confidentiality or the appraiser/client relationship. The appraiser/client relationship is extinguished only upon written release from the Contracting Party. Even though the appraiser/client relationship may terminate, the appraiser remains subject to the confidentiality provisions of USPAP.

Commercial Lots
Appraisal Instructions
Former Naval Station Treasure Island
San Francisco, California

I. Introduction:

This scope of work is to appraise the market value of the fee simple interest or ground lease value of certain land parcels or buildings designated for commercial uses (collectively referred to as commercial properties) of the former Naval Station Treasure Island (NSTI) in accordance with the standards and guidelines of the Uniform Standards for Professional Appraisal Practice (USPAP).

The following appraisal instructions are intended to detail the scope, standards, process, and guidelines for the valuations of the property assigned to be appraised, (the "Subject Property"). The appraisal instructions herein will represent the only guidance that shall be utilized in completing this valuation assignment. This appraisal will set the purchase price or ground lease value of such commercial properties. The appraisal will be reviewed by the Navy and the Developer.

II. Background Information:

The former NSTI is located on two islands located within one mile of the bay shores of the city of San Francisco and connected via the Bay Bridge to Oakland and the East Bay. NSTI is entirely within the jurisdictional boundaries of the City and County of San Francisco (the "Property"). NSTI covers all of Treasure Island, an artificial island, and most of Yerba Buena Island, a natural island.

Treasure Island was constructed in 1936 and 1937 for the initial purpose of hosting the Golden Gate International Exposition. After the exposition, the island was converted to a Navy base. During World War II, the island served as a center for receiving, training, and dispatching of service personnel. Since World War II, the Navy had used the island primarily as a training and administrative center. Yerba Buena Island is a natural island where the US Army established a post on the northeastern side adjacent to present day Clipper Cove in 1867. In the 1890's, the Army built a small torpedo station complex on the island; one building, the Torpedo Depot, remains. The US Army maintained a small base on the island until 1960. In 1898, the Navy also established a training station there, which after 1923 operated as a receiving station for servicemen returning from overseas.

In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission (BRAC). The Treasure Island Development Authority (TIDA) was designated as the Local Redevelopment Authority responsible for the redevelopment of NSTI.

In 1997, under the Treasure Island Conversion Act, 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 and the City (i) designated TIDA as the

redevelopment agency under California Redevelopment Law with authority over NSTI, and (ii), with respect to those portions of NSTI which under the Act are subject to the public trust for commerce, navigation and fisheries (the "Tidelands Trust"), vested in TIDA the authority to administer the Tidelands Trust as to such property.

Under Senate Bill 1873, which the Governor signed into law on September 15, 2004, the California State Legislature authorized a Tidelands Trust Exchange for the Project. Because under that act the Tidelands Trust generally does not apply to most of Yerba Buena Island, in exchange, the Trust would be lifted from the portions of Treasure Island that are planned for residential and other nonpermitted Trust uses and imposed on portions of Yerba Buena Island that currently are not subject to the Tidelands Trust.

In July 2007, TIDA submitted an Economic Development Conveyance (EDC) application based on a development plan approved by the San Francisco Board of Supervisors in December 2006 (the "Development Plan"). In June 2011, TIDA and a private developer executed a Disposition and Development Agreement ("DDA") governing the redevelopment of NSTI. In _____, 2012, the United States of America executed an Economic Development Conveyance Memorandum of Agreement (EDC MOA) with TIDA regarding conditions of transfer of NSTI to TIDA. In accordance with the EDC MOA, TIDA is required to conduct appraisals of certain commercial properties.

III. Property Description:

Insert details and description of property to be appraised.

Details to include:

- Land identifier (parcel number, phase, etc.)
- Legal description
- Land area (size)
- Building areas
- Excess Land Appreciation Structure as defined by major phase by product type

Description to include:

- Entitled development plan (number of units, commercial space, parking, etc.)
- Environmental use restrictions
- Covenants, Conditions, and Restrictions
- Commercial property's relationship to major phase and island-wide development plan
- Neighborhood amenities and improvements, including views, recreational facilities, dining, shopping, parks, security, access to transportation and other community amenities.

IV. Services Required:

1. The appraisal will be a self-contained report based on a comprehensive study and analysis and setting forth, in detail, all data, analysis, and conclusions, as necessary and typical of a complete, self-contained appraisal report. The appraisal preparation, documentation, and reporting shall be in conformity with the standards of USPAP. The appraisal report shall consider the highest and best use as vacant for both unimproved and improved sites and highest and best use as improved for improved sites subject to the use dictated by the

Development Plan as amended by TIDA per the DDA. The appraisal report must contain the following sections:

Title Page - This should include (a) the name, street address and agency assigned tract, or parcel, number (if any), of the property appraised, (b) the name and address of the individual(s) making the report, (c) the effective date of the appraisal, and (d) the appraiser's license number and license expiration date. The effective date for the appraisal will be the date of the appraisal report.

Letter of Transmittal - This should include the date of the letter; identification of the property and property rights appraised; a reference that the letter is accompanied by a self-contained appraisal report; a statement of the effective date of the appraisal; identification of any hypothetical conditions, extraordinary assumptions, limiting conditions, or legal instructions; the value estimate, or estimates; factors considered beyond the expertise of the appraiser or otherwise not incorporated; and the appraiser's signature.

Table of Contents - The major parts of the appraisal report and their subheadings should be listed. Items in the addenda of any report shall be listed individually in the table of contents.

Appraiser's Certification - The appraisal report shall include an appraiser's signed statement certifying that:

- The statements of facts contained in the report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraiser;
- The appraiser has no present or prospective interest in the property appraised and no personal interest or bias with respect to the parties involved;
- The compensation received by the appraiser for the appraisal is not contingent on the analyses, opinions, or conclusions reached or reported;
- The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's *Uniform Standards for Professional Appraisal Practice*;
- The appraiser has made a personal inspection of the property appraised and that the property owner, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection;
- No one provided significant professional assistance to the appraiser. (If professional assistance was provided the appraiser, the name of the individual(s) providing such assistance must be stated and their professional qualifications should be included in the addenda of the appraisal report. This requirement includes both professional appraisal assistance and providers of subsidiary assistance, e.g., planning and permitting consultants, engineers, cost estimators, marketing consultants.)

The appraiser's certification shall also include the appraiser's opinion of the market value of the property appraised as of the effective date of the appraisal.

Appraisers may also add to their certifications certain items that may be required by law, the USPAP, and the appraiser's professional organization(s). However, appraisers should avoid adding certifications that are not pertinent to the specific appraisal (e.g.,

that the report was prepared in accordance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)) or that are beyond the scope of the appraisers' assignment. The appraiser's certification may alternately follow the appraiser's final estimate of value in the appraisal report.

Summary of Salient Facts and Conclusions - The appraiser shall report the major facts and conclusions that led to the final estimate(s) of value. This summary should include an identification of the property appraised; the highest and best use of the property; description of improvements (if any); indicated value of the property by each approach to value employed; the final estimate of value; and any hypothetical conditions, extraordinary assumptions, limiting conditions or instruction; and the effective date of the appraisal.

Photographs of Subject Property - Photographs are not required of existing improvements not deemed to be of highest and best use or historically significant and are likely to be demolished. Pictures shall show the front elevation of the major improvements, any unusual features, views of the abutting properties on either side and that property directly opposite, interior photographs of any unique features, and photographs of neighborhood amenities. When a large number of buildings are involved, including duplicates, one picture may be used for each type. Except for an overall view, photographs may be bound as pages facing the discussion or description of the photographs' content, or may be placed in the addenda of the report. Each photograph should be numbered, show the identification of the property and the date taken. In selecting photographs for inclusion in their reports, appraisers should bear in mind that some readers of the report may never have an opportunity to personally view the property. Therefore, they must rely on the photographs and the narrative description of the property provided by the appraiser to gain an adequate understanding of the physical characteristics of the property to judge the accuracy and reasonableness of the appraiser's analyses and value estimate(s).

Statement of Assumptions and Limiting Conditions - Any assumptions and limiting conditions that are necessary to the background of the appraisal shall be stated. Any client agency or special legal instructions provided the appraiser shall be referenced and a copy of such instructions shall be included in the addenda of the appraisal report. If the appraisal has been made subject to any encumbrances against the property, such as easements, these shall be stated. In this regard, it is unacceptable to state that the property has been appraised as if free and clear of all encumbrances, *except as stated in the body of the report*; the encumbrances *must* be identified in this section of the report. General assumptions and limiting conditions, such as typically contained in appraisal addenda, must be reviewed for pertinence to the assignment and allowability with respect to other provisions of the contract. General assumptions and limiting conditions that are not applicable and/or allowable shall be deleted, and all others shall be edited as necessary to be specifically applicable and appropriate. Also, assumptions and limiting conditions cannot be used by an appraiser to alter an appraisal contract, assignment letter, or the appraiser's scope of work. Unsupported hypothetical conditions, assumptions, or limiting conditions may result in disapproval of the appraisal report. The appraiser must also avoid assumptions and limiting conditions that are clearly the appraiser's own conclusions. While it may be appropriate for an appraiser to conclude and report that a probability exists that the property under appraisal could be rezoned, it is not appropriate for an appraiser to make an appraisal under the "assumption" that the property could be rezoned. The Development Plan, as amended

by TIDA, establishes a precedent for land uses at the property. The adoption of an unapproved assumption, or hypothetical condition, that results in a valuation of other than the market value of the property appraised as of the effective date of the appraisal will, as a general rule, invalidate the appraisal.

Scope of the Appraisal - The appraiser shall describe the scope of investigation. The appraisal's scope should conform to its purpose and intended use. The intended use and purpose of the appraisal places specific demands on the scope of the investigation and analysis presented in the appraisal report. The appraisal report should clearly link the appraisal's scope with its purpose and intended use. The geographical area and time span searched for market data should be included, as should a description of the type of market data researched and the extent of market data confirmation. The appraiser should state the references and data sources relied upon in making the appraisal; if preferred, this information may be shown within the applicable approaches to value. The applicability of all standard approaches to value shall be discussed and the exclusion of any approach to value shall be explained. The appraiser has the burden of clearly explaining the implications of any hypothetical condition or extraordinary assumption adopted. The required explanation and discussion of the implications of such hypothetical condition or extraordinary assumption must be included in this section of the appraisal report.

Purpose of the Appraisal - This section shall include an explanation of the reason for the appraisal, and the definition of all value estimates required, and a description of the property rights appraised. The purpose of the appraisal will be to estimate the market value as of the date of the appraisal report.

This section should specifically identify the intended use and the intended user of the appraisal report. The intended user of the appraisal report will be the Contracting Party, and the intended use of the appraisal report will be to estimate the fair market value of the property as of the effective date of the appraisal report. Care should be taken to prepare the appraisal report in a manner that clearly meets the intended use of the report by the intended user. It is imperative that the appraiser utilize the correct definition of market value. For appraisals prepared under these Standards, appraisers shall use the following definition of market value:

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold, or its leasehold interests transferred, on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

This definition must be placed in this section of the appraisal report. No other definition of market value for purposes of appraisals made under these Standards is acceptable, unless otherwise required by a specific and cited federal law or regulation. Contrary to USPAP Standards Rule 1-2(c), this definition of market value does not call for the estimate of value to be *linked* to a specific *exposure time* estimate, but merely that the property be exposed on the open market for a *reasonable* length of time, given the character of the property and its market. Therefore, the appraiser's estimate of market

value shall not be *linked* to a specific exposure time when conducting appraisals for purposes of acquiring federal land under these Standards. It is recognized that some appraisers' client groups (e.g., relocation companies, mortgage lenders) may require appraisers to estimate a *marketing time* for the property under appraisal. However, such estimates are inappropriate for, and must not be included in, appraisal reports prepared for acquisition of federal land under these Standards. "The request to provide a reasonable marketing time opinion exceeds the normal information required for the conduct of the appraisal process" and is, therefore, beyond the scope of the appraisal assignment under these Standards.

Summary of Appraisal Problems - This section gives the appraiser the opportunity to acquaint the reader of the appraisal report with the specific appraisal problems, if any, which have been encountered by the appraiser and that will be discussed in detail in the body of the appraisal report. Appraisers are encouraged to take advantage of it. The appraiser should briefly describe the principal problems presented in estimating the market value of the property under appraisal and describe the estate to be taken. If the parcels under appraisal include water rights, minerals, or suspected mineral values, fixture values, timber values, or other rights of potential value, the treatment of their contributory value should be discussed, including the methodology employed to avoid the forbidden *summation* or *cumulative* appraisal. If the valuation of the property required the use of any consulting reports, these should be attached as addenda along with other sources of data for the analysis, and the appraiser should describe such reports, the method of utilization thereof, and the weight or reliance placed thereon.

2. The appraisal shall be performed based on the highest and best use that must take into account the Subject Property subject to the use dictated by the Development Plan as amended by TIDA per the DDA, and be accompanied by any supporting data.

All other methodologies other than that specifically addressed within this Scope of Work shall, to the extent practical, be based on market-derived data and methodology as formulated in a typical fair-market value appraisal. The appraiser shall consider all local, state, and federal ordinances, regulations, land use restrictions, engineering controls, and local practices when making a determination of the highest and best use.

3. All approaches to value should be considered when valuing the property. If the appraiser determines that a typical approach should be omitted, it must explain the reasons to support the exclusion in the appraisal report.

4. The appraiser shall explain the reasoning applied to arrive at the final opinion of value and how the results of each approach to value were weighed in that opinion, and the reliability of each approach to value for solving the particular appraisal problem. The appraiser shall also state his or her final estimate of value of all of the property under appraisal as a single amount.

5. TIDA shall provide the appraiser a copy of all records and data pertaining to the property detailed in Section VIII.

V. General Requirements:

1. The appraiser will be provided with Points of Contact for TIDA to assist in completing the assignment. For questions regarding the appraisal, please contact:

Name
Agency
Physical Address
Phone number and email address

2. All adjustments for dissimilarities between the appraised property and comparable market data, including sales comparables and rental data, as well as all discount and capitalization rates, etc., must be supported by market data. The narrative description of the adjustment process shall be sufficiently complete to indicate to the reader that the adjustments or rates were derived and applied in a reasonable and rational fashion consistent with market data. The actual adjustments shall be set forth in an adjustment grid(s) and discussed in sufficient detail to lead the reader to the appraiser's conclusions.

3. A detailed description/analysis, with photographs, of the property and improvements under appraisal is required which includes: a plot plan, improvement plans and specifications with dimensions, a description of any special features or copy of the "as-built" site survey; description and size and shape of site, topographical features, soil and subsoil conditions (if known), drainage and flood zone information, access and ingress/egress, utilities availability, site's relationship to neighboring properties, potential or existing nuisances and hazards, easements, encroachments and right-of-ways, and overall functional adequacy of the site.

4. In addition to above, the following information is required for existing improvements determined to be the highest and best use or historically significant and which would remain on site: estimated size of the improvements detailed in the most standard market acknowledged unit(s), a description of interior and exterior construction features and layout, available and required number of parking spaces, physical and chronological age, total economic life, remaining economic life, effective age, quality and condition, deferred maintenance, current use, and functional utility of the improvements.

5. Photographs of all comparable market data utilized in the report shall be provided within the appraisal. Maps displaying the location of all market data must also be included. These maps should be detailed enough to show specific site identification and location so that market data can be located during a field review of the appraisal.

6. Comparable market data shall be presented in individual write-up sheets. Rental Comparable data sheets shall include at a minimum: physical address, improvement description, lessor/lessee, date of lease(s) or most recent rental transaction(s), lease rates and terms including: type of lease (gross, modified gross, triple net), TI allowances, rental concessions, expense allocations, size of space leased, etc., and date and source of verification. Comparable sales data sheets must include, at a minimum: physical address or legal description, grantor/grantee, sales price & date, financing terms and conditions to include cash equivalency, zoning, size and shape of site, description of improvements, current use, development of capitalization rate (if sale comparable is income producing) and date and source of verification. The appraiser must physically inspect all principle comparable data used.

The documentation of each comparable sale shall include:

- Parties to the transaction
- Date of transaction

- Confirmation of the transaction with buyer, seller, broker, or other person having knowledge of the price, terms, and conditions of sale, include names of person the sale was verified with and phone numbers.
- Buyer motivation
- Location
- Size
- Unit counts
- Property rights conveyed
- Consideration
- Financing terms
- Sale conditions, such as arm's length or distressed
- Improvements, include utilities available,
- Zoning
- Photographs

Cite pertinent facts such as date, size, buyer and seller, price, terms, location, and explain why each sale was not used. Properties on the market for sale, but not yet sold, may be included as comparables if the appraiser feels they are relevant to the analysis.

The appraiser shall adhere to USPAP direction pertaining to comparable sales requiring extraordinary verification and weighting considerations. These include sales to governmental agencies, sales to non-profit organizations, sales to environmental organizations, sales to parties desiring to exchange the land to the government, distressed sales, and other atypical or non-arm's length sales.

7. The appraiser must provide a line-item discussion reflecting the mathematical development of each income, expense, vacancy, infrastructure, cost-to-cure, or demolition item cited in the appraisal report. Property operating expenses must be supported by market data based on industry standards or supported by industry recognized income/expense manuals such as BOMA, IREM, etc.

8. If the appraiser chooses to use self-made or commercial appraisal software, such as ARGUS, DYNA, PROJECT, Microsoft Excel etc., he/she must provide all supporting printouts, spreadsheets, and electronic versions of the files, which support the Operating Statement or Discounted Cash Flow (DCF) Analyses provided within the appraisal.

VI. Special Considerations/Assumptions:

1. Tidelands Trust – use restriction applies to certain portions of land on YBI. Attached to this scope is an overview of Tidelands Trust.
2. Market Value – as of the effective date of the appraisal
3. Bay Bridge Completion Date – assume completion by 2013-2015 (including bridge demolition) - TBD.
4. Utilities – all required utilities will be available to support development.
5. Entitlements in place – all necessary entitlements will be in place as of the effective date. Assume the current status of development in the entitlements process.
6. Environmental Clean-up – areas affected by environmental contamination will be remediated to the proposed uses identified in the TIDA's July 1996 redevelopment plan, except in limited areas where otherwise agreed to with the regulatory agencies such as CERCLA Site 6. Use restrictions such as institutional controls may be imposed on

certain portions of the property and these areas may require management of hazardous substances remaining in place in soil or groundwater during construction for development, or until concentrations have attenuated below unrestricted levels.

7. Geotechnical – assume stabilization and improvement of the Property for seismic purposes will be conducted.

VII. Appraiser Qualifications:

Appraisers shall be a State Certified General Real Property Appraiser in California where the subject property is located and be in good standing with the licensing authority where the credential was issued. Appraiser must also hold a current MAI membership designation from the Appraisal Institute. Additionally, appraiser must be practicing or working for at least 10 years in either a national firm, or a regional firm based in California and have particular experience with coastal California real property transactions involving the product type that is the subject of the appraisal. The appraiser must maintain independence from all Contracting Parties and not have any contractual relationships with Developers within the prior 24 months.

VIII. Information to be provided to the Appraiser:

1. TBD

IX. Timing & Process:

The following provides a projected schedule of key milestones. All days are completion dates from the date of award (number of days from previous task).

Contract Award Date – TBD

Kickoff Meeting with TIDA (+5 days) – TBD

Deliver Information to Appraiser (+3 days) – TBD

Property Inspection (+7 days) – TBD

Supplemental Information Request (if needed) – Anytime

Final Report (+30 days) – TBD

1. Pre-Work Conference: At the request of TIDA, the appraiser will be required to attend a pre-work conference for discussion and understanding of these instructions, including an update of the project schedule. TIDA shall extend an invitation to the Navy to attend the pre-work conferences. The pre-work conference may be held in conjunction with the property examination.

2. The appraiser shall submit to the Contracting Party a complete, Self-Contained Appraisal Report along with three (3) signed copies and a live electronic copy of the appraisal report within the number of days (or date) specified within the fully executed contract for appraisal services.

4. The appraiser shall provide an electronic Portable Document Format (PDF) version of the signed appraisal report along with any maps, drawings, photos, graphs and all backup information to the Contracting Party.

6. Definition of Terms: Unless specifically defined herein or in USPAP, definitions of all terms are the same as those found in "The Dictionary of Real Estate Appraisal" (Appraisal Institute), current edition.

7. Testimony. Upon the request of the Department of Navy or United States Attorney or the Department of Justice, and the City of San Francisco, the appraiser shall, in any judicial proceedings, testify as to the value of any and all property included in the appraisal report as of the valuation date. Fees for these services shall be determined upon the Contracting Party's request for testimony.

X. Confidentiality:

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The appraiser agrees not to disclose the Contracting Party Confidential Information to any Third Party and to treat it with the same degree of care as it would its own confidential information. It is understood, however, that the appraiser may disclose the Contracting Party Confidential Information on a "need to know" basis to the appraiser's employees and Subcontractors. All such employees and Subcontractors of the appraiser shall have executed a confidentiality agreement with the Contracting Party requiring a promise of confidentiality concerning the Contracting Party Confidential Information.

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QUALIFIED APPRAISER POOL

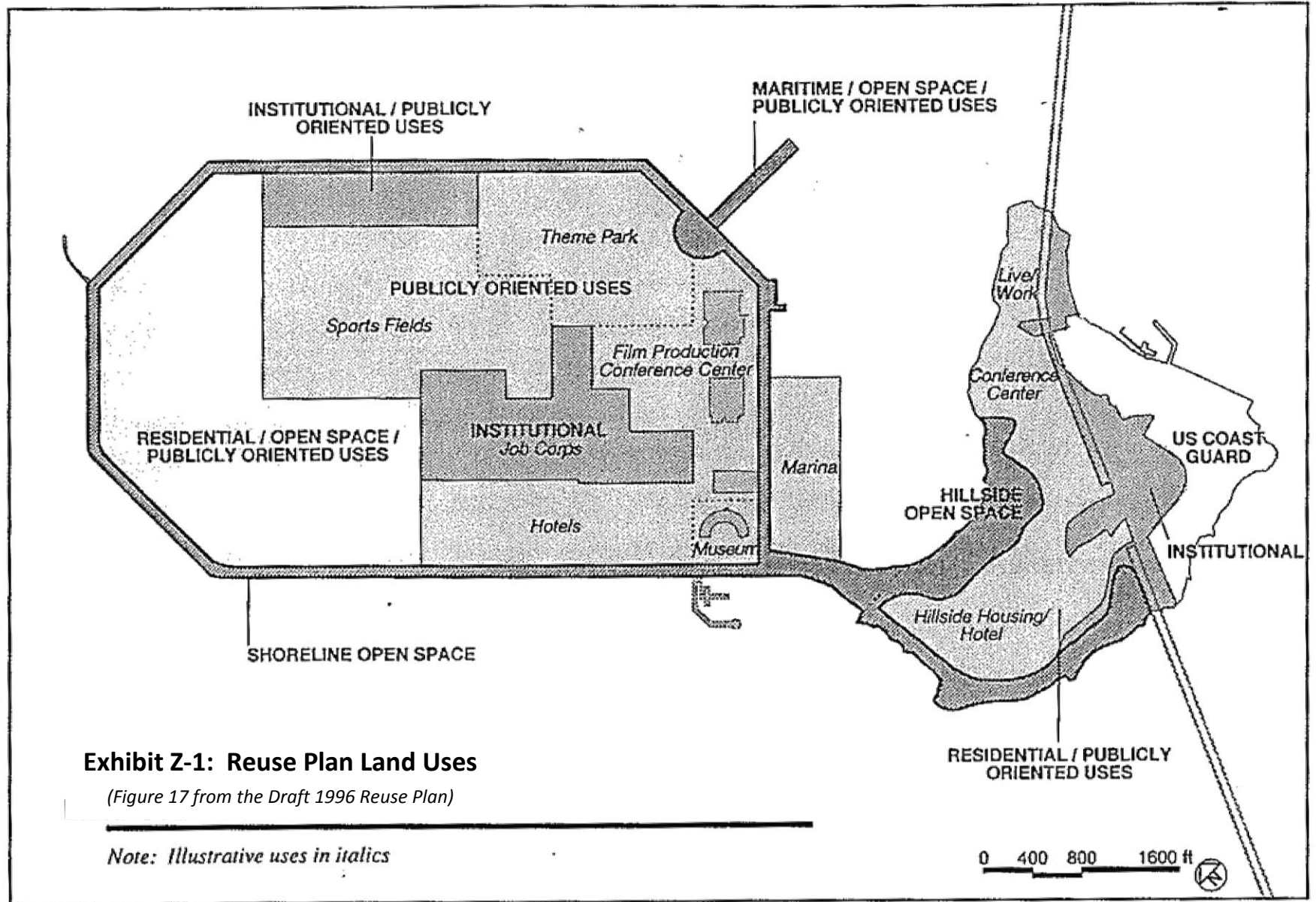
- 1. Carneghi-Blum (Ron Blum)**
595 Market Street, Suite 2230
San Francisco CA 94015
415.777.2666 x 109 (phone)
415.977.0555 (fax)

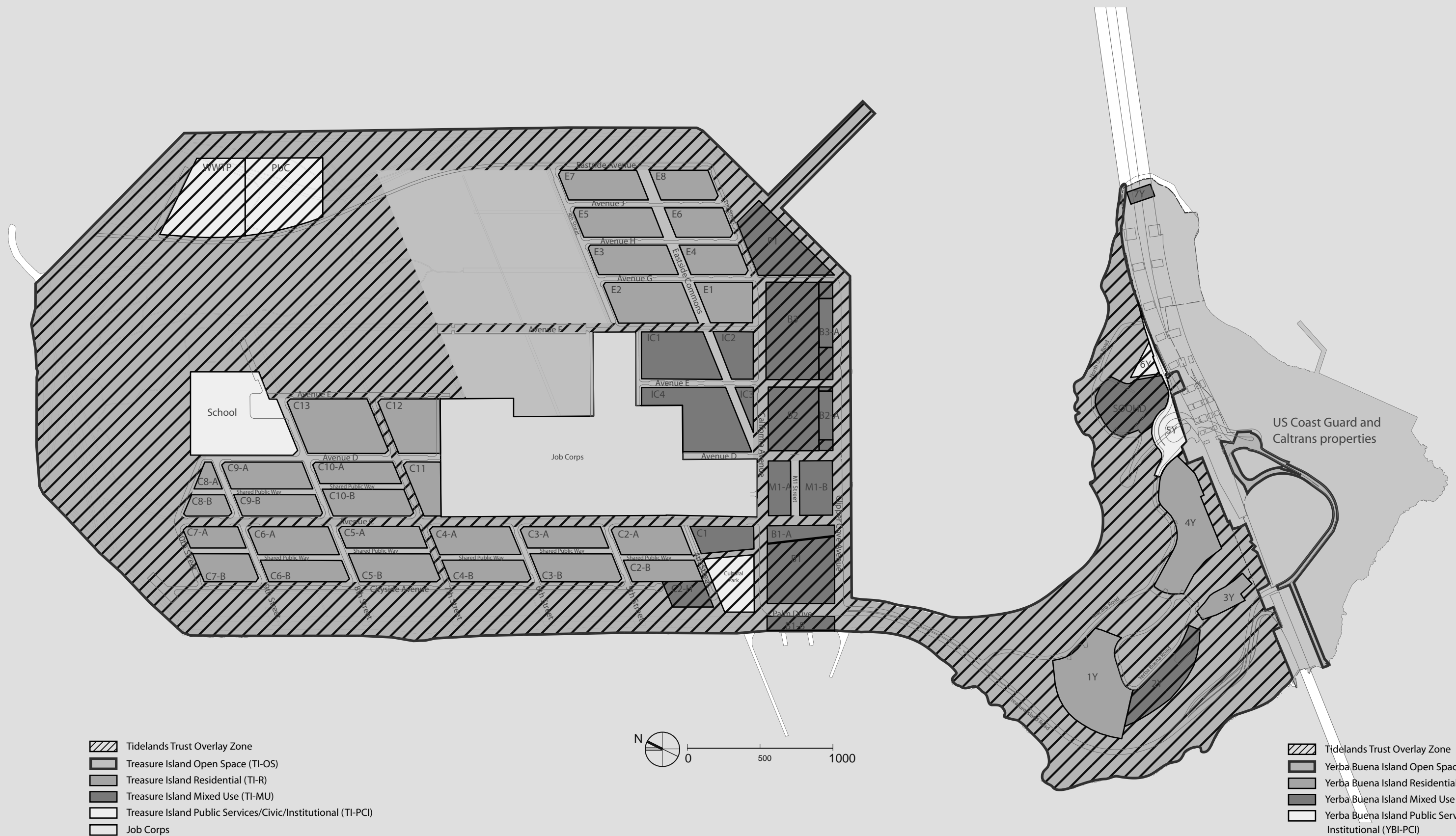
- 2. Cushman + Wakefield (James Myers)**
Cushman & Wakefield Western, Inc.
601 S. Figueroa Street
47th Floor
Los Angeles , CA 90017
213.955.6493 (phone)
213.627.4044 (fax)







- 3. Integra Realty Resources (Brady Barbier)**
101 Montgomery Street, Suite 1800
San Francisco, CA 94104
415.248.5000 (phone)
415.982.0426 (fax)

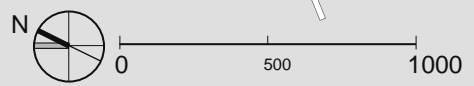
- 4. Martorana-Bohegian (Dave Bohegian)**
400 Montgomery Street, Suite 930
San Francisco CA 94104
415.982.4733 (phone)
415.982.0426 (fax)






- 5. Cushman + Wakefield (Brian J. Curry CRE, MAI, SRA, FRICS)**
4435 Eastgate Mall, Suite 200
San Diego, CA 92121
858.334.4051 (phone)
858.334.6861 (fax)





-  Tidelands Trust Overlay Zone
-  Treasure Island Open Space (TI-OS)
-  Treasure Island Residential (TI-R)
-  Treasure Island Mixed Use (TI-MU)
-  Treasure Island Public Services/Civic/Institutional (TI-PCI)
-  Job Corps



-  Tidelands Trust Overlay Zone
-  Yerba Buena Island Open Space (YBI-OS)
-  Yerba Buena Island Residential (YBI-R)
-  Yerba Buena Island Mixed Use (YBI-MU)
-  Yerba Buena Island Public Services/Civic/Institutional (YBI-PCI)