
BOND PURCHASE AGREEMENT

by and among

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA,

2675 FOLSOM OWNER, LP,

DEUTSCHE BANK SECURITIES INC.,

and

HILLTOP SECURITIES INC.

Dated December [18], 2017

Relating to:

\$ _____

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
MULTIFAMILY HOUSING REVENUE BONDS
(2675 FOLSOM STREET APARTMENTS)
SERIES 2017H

TABLE OF CONTENTS

	<u>Page</u>
Section 1. Definitions.....	1
Section 2. Issue, Purchase and Sale.	1
Section 3. Closing	2
Section 4. Representations and Warranties of Issuer.	2
Section 5. Representations, Covenants and Agreements of the Initial Purchaser and the Purchaser. ...	4
Section 6. Representations and Warranties of Borrower.	4
Section 7. Covenants.....	7
Section 8. Conditions of Closing.	8
Section 9. Actions and Events at the Closing	12
Section 10. Termination of Agreement.....	12
Section 11. Fees and Expenses; Costs of Issuance	14
Section 12. Indemnification by Borrower.....	14
Section 13. Miscellaneous.....	16
EXHIBIT A Glossary of Terms	A-1
EXHIBIT B Terms of Bonds.....	B-1
EXHIBIT C City and County of San Francisco Mandatory Contracting Provisions	C-1

BOND PURCHASE AGREEMENT

Upon execution hereof, **HILLTOP SECURITIES INC.**, a corporation duly organized and validly existing under the laws of the state of Delaware (together with its successors, assigns or designees hereunder, the “*Initial Purchaser*”), hereby offers and agrees to enter into the following agreement with the **CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA**, a municipal corporation duly organized and existing pursuant to its charter and the laws and constitution of the State of California (together with its successors and assigns, the “*Issuer*”), **2675 FOLSOM OWNER, LP**, a California limited partnership (together with its permitted successors and assigns, the “*Borrower*”), **DEUTSCHE BANK SECURITIES INC.** (together with its successors and assigns, “*DB*” or the “*Purchaser*”), for the sale by the Issuer, the initial purchase by the Initial Purchaser of the Bonds described below and the subsequent purchase by the Purchaser of the Bonds described below, which are being issued by the Issuer for the benefit of the Borrower in connection with the Project. Upon each of the Issuer’s, Borrower’s and Purchaser’s acceptance of this offer and their execution and delivery of this Bond Purchase Agreement (this “*Agreement*”), this Agreement will be binding upon each such party and the Initial Purchaser. This offer is made subject to each of the Issuer’s, Borrower’s and Purchaser’s acceptance, evidenced by their execution and delivery of this Agreement to the Initial Purchaser, at or prior to 11:00 A.M. New York, New York time on December [18], 2017 and will expire if not so accepted at or prior to such time (or such later time as the Initial Purchaser and the Purchaser may agree in writing). If this offer expires and no mutually agreeable later date is agreed to among the parties, or the Initial Purchaser’s and Purchaser’s obligation to purchase the Bonds is otherwise terminated by them pursuant to Section 10 hereof, then and in such case, the Issuer shall be without any further obligation hereunder, including the payment of any expenses or costs, and the Issuer shall be free to sell the Bonds to any other party.

Section 1. Definitions. The capitalized terms used in this Agreement have the meanings assigned to them in the Glossary of Terms attached as Exhibit A hereto.

Section 2. Issue, Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Agreement, the Initial Purchaser hereby agrees to purchase all (but not less than all) of the Bonds from the Issuer and the Issuer hereby agrees to sell to the Initial Purchaser when, as and if issued, all (but not less than all) of the Bonds identified in Item 1 in Exhibit B attached hereto for a total purchase price equal to the purchase price set forth as Item 3 on Exhibit B attached hereto. Subsequent to the initial purchase of the Bonds, the Initial Purchaser hereby agrees to sell all (but not less than all) of the Bonds to the Purchaser. For its services hereunder, on the Closing Date (defined below), the Initial Purchaser shall receive compensation, payable by the Borrower, equal to \$_____.

2.2 The Bonds will (i) be issued in accordance with the Issuer’s enabling legislation and all applicable procedural and substantive requirements and the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rates, interest payment dates and redemption provisions) set forth in Item 3 of Exhibit B attached hereto. As a condition to the sale of the Bonds, each of the Initial Purchaser and the Purchaser will execute and deliver an Investor Letter to the Trustee and the Issuer on the Closing Date.

2.3 The Project is required to be operated in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2017 (the “*Regulatory Agreement*”), between the Issuer and the Borrower. The Regulatory Agreement contains certain representations, warranties and covenants concerning the operation of the Project.

Section 3. Closing. The Closing will take place at the time and on the date set forth in Item 5 of Exhibit B attached hereto or at such other time or on such other date as may be mutually agreed upon by the parties hereto. At or prior to the Closing, the Issuer will direct the Trustee to deliver the Bonds to or upon the order of the Initial Purchaser, pursuant to the DTC FAST System, in definitive form, duly executed and authenticated by the Trustee. Subject to the terms and conditions hereof, the Issuer will deliver or cause to be delivered at the Place of Closing as set forth in Item 5 of Exhibit B attached hereto, the other documents and instruments to be delivered pursuant to this Agreement (the “*Closing Documents*”) and the Initial Purchaser will accept delivery of the Bonds and Closing Documents and pay the initial purchase price for the Bonds as set forth in Section 2.1 above by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer directs. The Bonds will be made available to the Initial Purchaser at least one business day before the Closing for purposes of inspection. The Bonds will be prepared and delivered as fully registered Bonds without coupons in denominations of \$_____. The Bonds will be registered by the Trustee in the name of Cede & Co., as nominee for DTC.

Section 4. Representations and Warranties of Issuer.

4.1 The Issuer, subject to the limitations provided herein, hereby makes the following representations and warranties to the Initial Purchaser and the Purchaser:

(a) The Issuer is duly organized and validly existing under the laws of the State, with full legal right, power and authority to issue, sell and deliver the Bonds to the Initial Purchaser pursuant to the Indenture, and execute, deliver and perform its obligations, as the case may be, under this Agreement, the Indenture, the Bonds, the Loan Agreement, the Tax Certificate and the Regulatory Agreement (collectively, the “*Issuer Documents*”) and to perform and consummate all of its obligations and transactions required or described in each of the Issuer Documents;

(b) The Resolution approving and authorizing the execution and delivery by the Issuer of the Issuer Documents was duly adopted at a meeting of the Board of Supervisors of the Issuer called and held pursuant to law and with the public notice required by law and at which a quorum was present and acting throughout, was duly approved by the Mayor, and is in full force and effect and has not been amended or repealed;

(c) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions on its part contemplated thereby;

(d) The Bonds, when duly issued and authenticated in accordance with the Indenture and delivered to and paid for by the Initial Purchaser as provided herein, assuming proper authentication by the Trustee, will be validly issued and outstanding limited obligations of the Issuer, entitled to the benefits of the Indenture and payable from the sources specified therein;

(e) The Issuer has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Issuer Documents. Each of the Issuer Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws affecting creditors’ rights generally and by the application of equitable principles as the court having jurisdiction may impose, regardless of whether such proceeding is considered in a proceeding in equity or law, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State.;

(f) The Issuer is not in any respect in breach of or in default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), which breach or default would have a material adverse effect on the Issuer's ability to perform its obligations under the Issuer Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a breach of or a default or an event of default under any such instrument which breach or default would have a material adverse effect on the Issuer's ability to perform its obligations under the Issuer Documents; provided that no representation is made regarding compliance with any federal or state securities or "blue sky" laws; and (ii) the issuance, delivery and sale of the Bonds and the execution and delivery of the Issuer Documents and compliance with and performance of the Issuer's obligations therein and herein will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under, any law, administrative regulation or any Material Judgment or Agreement, which breach or default would have a material adverse effect on the Issuer's ability to perform its obligations under the Issuer Documents. As used herein, the term "Material Judgment or Agreement" means any judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject (including, without limitation, the Act, the Resolution and the Issuer Documents);

(g) All approvals, consents, orders, authorizations, filings or registrations of or with any governmental authority, board, agency, council, commission or other body having jurisdiction, on its part required, which would constitute a condition precedent to the execution and delivery by the Issuer of the Issuer Documents or issuance of the Bonds, or the performance by the Issuer of its obligations hereunder and under the Issuer Documents have been obtained, or will be obtained on or by the Closing Date (except for the filing of the IRS Form 8038 or the CDLAC Report of Action Taken, both of which will be filed after the Closing Date); provided that the Issuer makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Bonds for offer and sale under Blue Sky or other state securities laws or regulations;

(h) The Issuer has complied, and will at the Closing Date be in compliance, in all material respects with the Issuer Documents, and any immaterial noncompliance by the Issuer, if any, will not impair the ability of the Issuer to carry out, give effect to or consummate the transactions on its part contemplated by the foregoing. From and after the date of issuance of the Bonds, the Issuer will continue to comply with the covenants of the Issuer contained in the Issuer Documents.

(i) The Issuer will apply the proceeds of the Bonds in accordance with the Issuer Documents.

(j) No litigation, proceeding or official investigation of any governmental or judicial body is pending against the Issuer, with service of process having been accomplished, or, to the knowledge of the Issuer, after due inquiry, threatened against the Issuer by prospective party or their counsel in a writing addressed to and properly served on the Issuer: (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, or the pledge, collection, application or payment of any moneys or security provided for the payment of principal and interest on the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity or binding effect of any of the Issuer Documents, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Issuer or the entitlement of any officers of the Issuer to their respective offices or the validity or effect of the Indenture or the Act or any provision thereof or the application of the proceeds of the Bonds or (iv) which, if adversely determined, could materially adversely affect (A) the Project, (B) the transactions described in the Issuer Documents, (C) the validity or enforceability of the Bonds, the Resolution or the Issuer

Documents, (D) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (E) the use of the proceeds of the Bonds to make the Loan.

4.2 Any certificate signed by any official of the Issuer and delivered to the Purchaser or the Initial Purchaser in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Issuer to the Initial Purchaser or the Purchaser, as appropriate, as to the statements made therein.

Section 5. Representations, Covenants and Agreements of the Initial Purchaser and the Purchaser.

The Initial Purchaser and the Purchaser represent to and covenant and agree with the Issuer, each as to itself only, that:

- (a) It has been duly authorized to enter into this Agreement.
- (b) The Initial Purchaser and the Purchaser shall comply with the San Francisco Business Tax Ordinance and shall, if not otherwise exempt from such ordinance, provide to the Commission a Business Tax Registration Certificate on or prior to the date hereof.
- (c) The Initial Purchaser and the Purchaser shall comply with Chapter 12B of the San Francisco Administrative Code, entitled “Nondiscrimination in Contracts,” which is incorporated herein by this reference.
- (d) The Initial Purchaser and the Purchaser is not in material violation of, or in material breach of or in material default under, any applicable law, regulation, order or agreement to which it is a party or by which it is bound, which violation or breach would have a material adverse effect on its ability to execute, deliver and perform this Agreement.
- (e) This Agreement, assuming due and legal execution and delivery thereof by, and validity against, the Issuer, when executed by the Initial Purchaser and the Purchaser, will be a legal, valid and binding obligation of the Initial Purchaser and the Purchaser enforceable in accordance with its terms, subject to valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors’ rights generally.

Section 6. Representations and Warranties of Borrower.

6.1 The Borrower makes the following representations and warranties to the Issuer, the Initial Purchaser and the Purchaser, as of the date hereof, all of which will continue in effect subsequent to the purchase of the Bonds:

- (a) The Borrower is, and at all times will be, a limited partnership, duly organized, validly existing and in good standing under the laws of the state of California and duly qualified, authorized and licensed under the laws of the State to transact business as a limited partnership for the purpose of owning and operating a multifamily housing facility in the State. All partners and other entities that comprise the Borrower and are included on the Borrower’s signature page hereto (collectively, the “Partners”), are, and at all times will be organized, existing and in good standing under the laws of the state in which they are formed and are in good standing and duly qualified, authorized and licensed under the laws of the State, to the extent required by applicable law. There are no general partners of the Borrower other than those reflected in the Borrower’s signature block hereto.

(b) The Borrower has full legal right, power and authority to execute, deliver and perform its obligations, as the case may be, under the Borrower Documents and to perform and consummate all obligations and transactions required or described in each of the Borrower Documents. The Partners have, and on the Closing Date will have, full legal right, power and authority to execute and deliver this Agreement and the other Loan Documents on behalf of the Borrower.

(c) By all necessary action, the Borrower has duly approved the execution and delivery of the Borrower Documents to which it is a party, and the performance by the Borrower of the obligations in connection with the issuance of the Bonds on its part contained in the Borrower Documents and the consummation by it of all other transactions to be performed by it contemplated by the Indenture and the Borrower Documents in connection with the issuance of the Bonds. The Loan Agreement, the Note and the Deed of Trust when assigned to the Trustee pursuant to the Indenture, will, to the extent of such assignment, constitute the legal, valid and binding agreement of the Borrower with the Trustee enforceable against the Borrower in accordance with their respective terms for the benefit of the Purchaser, and the Borrower Documents, to the extent that any rights of the Issuer and obligations of the Borrower thereunder are not so assigned to the Trustee, will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their respective terms, except as enforcement of each of the above-named documents may be limited by bankruptcy, insolvency, moratorium and other laws affecting the enforcement of creditors' rights generally and by the application of such equitable principles as the court having jurisdiction may impose, regardless of whether such enforceability is considered in a proceeding in equity or at law and except as the indemnification provisions contained in any of the above-named documents may be found to be contrary to public policy.

(d) The Borrower has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Borrower Documents, to which it is a party. Each of the Borrower Documents, to which it is a party, constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws affecting creditors' rights generally and by the application of equitable principles as a court having jurisdiction may impose, regardless of whether such proceeding is considered a proceeding in equity or law. No consent or approval of any trustee or holder of any indebtedness of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except in connection with Blue Sky proceedings as to which no representation is made), is necessary in connection with the approval and delivery of this Agreement.

(e) The Borrower will refrain from taking any action, or voluntarily permitting any action within its control to be taken, except as otherwise required by law, which will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds.

(f) (i) The Borrower is not in any material respect in breach of or in default under any constitutional provision, law, order, rule or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), which breach or default would have a materially adverse effect on the Borrower's ability to perform its obligations under any Material Judgment or Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, a default or event of default under any such instrument which breach or default would have a material adverse effect on the Borrower's ability to perform its obligations under any Material Judgment or Agreement; and (ii) the issuance, delivery and sale of the Bonds, and the execution and delivery of the Borrower Documents and compliance with and performance of the Borrower's obligations therein and herein will not conflict with, violate or result in a breach of or constitute on the part of Borrower a default under, any such constitutional provision, law, order, rule, administrative regulation or any Material

Judgment or Agreement which breach or default would have a material adverse effect on the Borrower's ability to perform its obligations under any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or under the terms of any such law, order, rule, administrative regulation or Material Judgment or Agreement. As used in this Section 6.1, the term "Material Judgment or Agreement" means any material judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the Borrower is a party or to which the Borrower or any of its property or assets is otherwise subject (including, without limitation, the Borrower Documents).

(g) All approvals, consents, authorizations and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained and are in full force and effect, or will be obtained and be in full force and effect prior to or by the Closing Date (except for certain building permits, some of which may be obtained post-Closing); provided that the Borrower makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Bonds for offer and sale under Blue Sky or other state securities laws or regulations. Additionally, the Borrower has obtained the necessary governmental agency approvals, all variances from applicable zoning ordinances and all building permits (except for certain building permits, some of which may be obtained post-Closing) and easements or licenses required to date for the acquisition, construction, improvement, installation and equipping of the Project, to the extent such governmental agency approvals, variances, permits, easements and licenses constitute all approvals required by the date hereof to acquire, construct, improve, install and equip the Project.

(h) The execution and delivery by the Borrower of this Agreement and the Loan Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in a breach of or default under (i) the partnership agreement or operating agreement of the Borrower, as applicable, (ii) to the best of the Borrower's knowledge, any applicable law, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental body or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which one or both of the Borrower is a party or by which the Borrower or its properties is bound.

(i) The Borrower has all necessary power and authority to conduct the business now being conducted by it and as contemplated by the Borrower Documents.

(j) No action, suit, inquiry, litigation, proceeding or investigation of any governmental or judicial body is pending (and, in the case of litigation, for which it has been served with process) against the Borrower or, to the knowledge of the Borrower, after due and diligent inquiry, threatened, in writing, against the Borrower (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity or binding effect of any of the Borrower Documents, or the execution and delivery or adoption by the Borrower thereof, or the consummation of the transactions contemplated thereby or hereby, (iii) which is in any way contesting the creation, existence, authority, powers or jurisdiction of the Borrower, or the authority of its authorized signatories executing this Agreement or the validity, enforceability or effect of the Indenture or the Act or any provision thereof or the application of the proceeds of the Bonds, or the exclusion from gross income for federal income tax purposes of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial condition, assets, properties, or operations of the Borrower or any of the Borrower Documents; nor, to the Borrower's

knowledge, after due and diligent inquiry, is there any basis for any such action, suit, inquiry, litigation, proceeding or investigation.

(k) No representation made, nor any information, exhibit or report furnished to the Issuer, the Initial Purchaser and the Purchaser by the Borrower in connection with the negotiation of this Agreement or any of the other Borrower Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect. There is no fact actually known to the Borrower, or that would have been known to the Borrower after the exercise of due diligence, that the Borrower has not disclosed to the Issuer, the Initial Purchaser and the Purchaser that materially and adversely affects the properties, business, assets or operations (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under this Agreement, any of the other Borrower Documents, or any documents or transactions contemplated hereby or thereby.

6.2 Each of the representations and warranties set forth in this Section will survive until the Maturity Date of the Bonds.

6.3 Any certificates executed by any authorized representative of the Borrower and delivered to the Initial Purchaser, the Purchaser or the Issuer pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Borrower when made as to the accuracy of the statements therein made. Additionally, all information provided by the Borrower and all representations made by the Borrower in its application to Issuer and the California Debt Limit Allocation Committee relating to the Project are true and correct in all material respects when made.

Section 7. Covenants.

7.1 The Issuer hereby makes the following covenants with the Initial Purchaser and the Purchaser:

(a) Prior to the Closing, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Resolution or the Issuer Documents without prior written notice to the Initial Purchaser and the Purchaser.

(b) The Issuer will cause the Bonds to be delivered as provided herein.

(c) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Resolution, this Agreement, the other Issuer Documents and the Bonds.

(d) The Issuer will not take or omit to take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in the gross income of the owners thereof for federal income tax purposes; provided however that a breach by Borrower of its covenant in Section 7.2(a) or a default by the Borrower in any of its covenants, representations and agreements in the Borrower Documents shall not be considered a breach hereof by the Issuer.

7.2 The Borrower hereby makes the following covenants with the Issuer, the Initial Purchaser and the Purchaser:

(a) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture and the Loan Agreement or which would cause the interest on the Tax-Exempt Bonds to be includable in the gross income of the owners thereof for federal income tax purposes.

(b) Prior to the Closing, the Borrower will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that by their nature are obtainable prior to the Closing Date and would constitute a condition precedent to the performance by it of its obligations under the Loan Documents. After the Closing, the Borrower will use commercially reasonable efforts to obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Loan Documents.

(c) The Borrower shall not violate or breach in any material respect any other covenants contained in the Loan Documents.

Section 8. Conditions of Closing.

8.1 The Initial Purchaser and the Purchaser have entered into this Agreement in reliance upon representations, covenants and agreements of the Issuer and the Borrower contained herein, in reliance upon the representations, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer and the Borrower of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Initial Purchaser's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds and the Purchaser's subsequent purchase of the Bonds from the Initial Purchaser will be subject to the performance by the Issuer and the Borrower of their respective obligations to be performed by them hereunder at or prior to the Closing, and to the accuracy in all material respects of the representations, covenants and agreements of the Issuer and of the Borrower contained herein as of the date hereof and as of the Closing as if made on the Closing Date, and will also be subject to the following additional conditions:

(a) The Initial Purchaser and the Purchaser shall not have discovered any material error, misstatement or omission in the representations and warranties made by either the Issuer or the Borrower in this Agreement, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) The Borrower and the Issuer shall have each performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by them at or prior to Closing.

(c) This Agreement, the other Issuer Documents and the Loan Documents each shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall be in form and substance reasonably satisfactory to the Initial Purchaser and the Purchaser and no event of default shall exist under any such documents.

8.2 In addition to the conditions set forth in Section 8.1, the obligations of the Initial Purchaser and the Purchaser to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Initial Purchaser and the Purchaser of the following items:

(a) An approving opinion of Bond Counsel (with a reliance letter to the Initial Purchaser and to Purchaser), dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchaser and the Purchaser.

(b) A supplemental opinion of Bond Counsel, dated the Closing Date, and addressed to the Initial Purchaser, to the effect that:

(i) The Bond Purchase Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, and to the exercise of judicial discretion and the limitations on legal remedies against public entities in the State; and

(ii) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(c) An opinion of the Office of the City Attorney, counsel to the Issuer, (addressed solely to the Board of Supervisors of the Issuer) or a certificate of the Issuer, in form and substance reasonably satisfactory to the Initial Purchaser and the Purchaser, dated the Closing Date, to the effect that:

(i) The City is a duly organized charter city and county and a municipal corporation under and by virtue of its Charter and the Constitution and laws of the State of California, with full legal right, power and authority to adopt the Resolution, enter into and perform its obligations under the Issuer Documents and execute and deliver the Bonds.

(ii) The Resolution was duly adopted at a meeting of the Board of Supervisors of the City which was called and held pursuant to law and with all public notice required by law at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded.

(iii) The Issuer Documents have been duly authorized and executed by the City and each is valid and binding upon and enforceable against the City in accordance with its respective terms.

(iv) The execution and delivery by the City of the Issuer Documents and compliance with the provisions thereof does not conflict with or constitute on the part of the City a material breach of or default under any existing law, regulation, court order or consent decree to which the City is subject or, to the best of my knowledge after due inquiry, any material agreement or instrument to which the City is a party or by which the City is bound, the effect of which would be to materially and adversely affect the ability of the City to enter into and perform its obligations under the Issuer Documents.

(v) No consent, authorization or approval of or filing or registration with, any governmental or regulatory officer or body not already obtained or not obtainable in due course by the City is required for the execution and delivery by the City of and the performance by the City of its obligations under the Issuer Documents.

(vii) To the best of such counsel's knowledge, no litigation, action, suit or proceeding is pending against the City (with formal written process having been properly served on or noticed to the City) (a) restraining or enjoining the execution or delivery of the Bonds, the Issuer Documents or the pledge of Revenues pursuant to the Indenture or (b) in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents.

(d) An opinion or opinions of counsel to the Borrower, the Partners and the Guarantor, addressed to the Issuer, the Initial Purchaser and the Purchaser, dated the Closing Date, in form and substance reasonably satisfactory to the Issuer, Initial Purchaser and the Purchaser;

(e) A certificate or certificates of the Borrower, dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchaser, the Purchaser and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its approving opinion;

(f) An opinion of counsel to the Trustee and/or a Trustee's certificate addressed to the Initial Purchaser and the Purchaser, dated the Closing Date, to the effect that:

(i) The Trustee is the trustee under the Indenture pursuant to which the Bonds have been issued;

(ii) The Trustee is a national banking association duly organized, validly existing, and in good standing under the laws of the United States of America and is empowered, authorized and duly qualified to serve as trustee pursuant to the Indenture, to authenticate the Bonds, to enter into the Indenture and perform its duties thereunder and take all actions required or permitted of it under the Indenture;

(iii) The Indenture has been duly executed in the name of and on behalf of the Trustee by its duly authorized officer, and have been duly delivered on behalf of the Trustee and the Indenture is a legal, valid and binding obligation of the Trustee, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, and to the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(iv) The Bonds have been duly authenticated and delivered on behalf of the Trustee by one of its duly authorized officers;

(v) Attached is a certified copy of an extract from the Bylaws of the Trustee, duly adopted by its Board of Directors, which on the date hereof are in full force and effect, authorizing the officer of the Trustee who executed and delivered the Indenture and authenticated the Bonds to do so;

(vi) The Trustee has deposited the proceeds from the sale of the Bonds as provided in Section 3.02 of the Indenture;

(vii) The Trustee has accepted the duties and obligations imposed on it by the Indenture;

(viii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the consummation by the Trustee of the transactions contemplated by the Indenture to be undertaken by the Trustee;

(ix) Compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound or subject to, or, to the best knowledge of the Trustee, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and

(x) The Trustee has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor, to the knowledge of the Trustee, is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to or upon the order of the purchaser(s) thereof.

(g) A certified copy of the Resolution and executed counterparts of each of the Issuer Documents and the Loan Documents; and

(h) Such additional financing statements, legal opinions, certificates and other documents as the Initial Purchaser, the Purchaser or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties

herein contained and to evidence compliance by the Issuer and the Borrower with this Agreement and all applicable legal requirements, and the due performance and satisfaction by the Issuer or the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer or the Borrower.

8.3 If any of the conditions set forth in Sections 8.1 or 8.2 have not been met on the Closing Date, the Initial Purchaser or the Purchaser may, at their sole option, terminate this Agreement, without any liability therefor, effective upon written notice to the Issuer, or proceed to Closing upon waiving any rights under this Agreement with respect to any such condition. If this Agreement is terminated pursuant to this Section or Section 10 below, no party will have any rights or obligations to any other party, except as provided in Section 11.

Section 9. Actions and Events at the Closing. The following events will take place at the Closing:

(a) The Issuer will deliver the Bonds to the Trustee for closing through DTC's book-entry only system. The Bonds so delivered will be in the form required by the Indenture, duly executed on behalf of the Issuer and authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee for DTC.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Initial Purchaser and the Purchaser at the place set forth in Item 5 in Exhibit B, or at such other place or places as the parties hereto may mutually agree upon, the materials described in Section 8.2.

(c) The Initial Purchaser will deliver to the Trustee, for the account of the Issuer, an amount equal to the purchase price of the [initial installments of the] Bonds as set forth in Item 3 of Exhibit B by wire transfer to the Trustee, in immediately available federal funds.

Section 10. Termination of Agreement. If the Borrower or the Issuer shall be unable to satisfy their respective covenants or obligations hereunder or upon the occurrence of any of the events listed below in this Section 10, then, after consultation with the Issuer and Borrower, this Agreement may be cancelled by the Initial Purchaser or the Purchaser at any time on or prior to the Closing Date, effective upon written notice to the Issuer and Borrower. If this Agreement is terminated pursuant to this Section or Section 8.3 above, no party will have any rights or obligations to any other party, except as provided in Section 11.

The Initial Purchaser or the Purchaser may terminate this Agreement as provided in the preceding paragraph, without any liability therefor, if:

(a) the market for the Bonds or the market prices of the Bonds or the ability of the Initial Purchaser to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Initial Purchaser, by events (1) – (7) below:

1. An amendment to the Constitution of the United States or the State shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the

United States, the IRS or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Initial Purchaser, may have the purpose or effect, directly or, indirectly, of affecting the federal or State tax status of the Issuer, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State legislation; or

2. The declaration of war by or against the United States, any major new escalation of military hostilities by the United States or the occurrence of any other national or international emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

3. The declaration of a general banking moratorium by federal, New York or State authorities; or

4. The occurrence of a major financial crisis, a material disruption in municipal bond market securities settlement, payment or clearance services or any calamity or crisis in the financial markets of the United States, or a material disruption or deterioration in the fixed income or municipal securities market that, in the reasonable professional opinion of the Initial Purchaser and Purchaser, affects the sale of the Bonds; or

5. Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon the trading of securities in general or on the Bonds, or with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, by any governmental authority or by any national securities exchange; or

6. The general suspension of trading on, or other material restrictions on, any national securities exchange not in effect as of the date hereof; or

7. A downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations; or

(b) Legislation introduced in or enacted (or resolution passed) by the Congress, legislation recommended for passage by the President of the United States, or a decision rendered

by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission (“SEC”), or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or otherwise, is or would be in violation of the federal securities law then in effect; or

(c) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(d) A stop order, ruling, regulation, proposed regulation or statement by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds (including any related underlying obligations), or the execution and delivery of any Legal Documents, as contemplated hereby, is in violation or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the provisions of the 1933 Act, the Trust Indenture Act, or the Securities Exchange Act of 1934, as amended; or

(e) Any litigation shall have been filed against the Issuer or Borrower and pending with service of process accomplished as of the Closing Date to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Resolution, the Legal Documents or the existence of the powers of the Issuer or Borrower with respect to the obligations under the Legal Documents.

Section 11. Fees and Expenses; Costs of Issuance. All costs, fees and expenses incident to the performance of the Issuer’s, Initial Purchaser’s, Purchaser’s and Borrower’s obligations in connection with the issuance and purchase of the Bonds, including the reasonable expenses of counsel, as well as expenses relating to the meals, transportation, lodging, and entertainment incidental to implementing this Agreement, shall be paid by the Borrower on the Closing Date.

Section 12. Indemnification by Borrower.

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer, the Initial Purchaser, the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Issuer, the Initial Purchaser, the Purchaser and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (referred to herein as an “Indemnified Party” and collectively as the “*Indemnified Parties*”), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys’ fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the “*Liabilities*”) caused by or directly or indirectly arising from or in any way relating to the Bonds, the Project, the Loan Agreement, the Indenture, this Agreement or any document related to the Bonds, the Project, the loan of the proceeds of the Bonds (the “*Transaction Documents*”) or any transaction or

agreement, written or oral, pertaining to the foregoing; provided, however, that the Borrower shall not be required to indemnify, save or hold harmless (a) the Issuer from any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the Issuer and (b) any other Indemnified Party for losses caused by the negligence or the willful misconduct of the Indemnified Party.

(b) The Borrower also agree to pay, defend, protect, indemnify, save and hold harmless the Initial Purchaser and the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Initial Purchaser and the Purchaser from and against the Liabilities directly or indirectly arising from or relating to (i) any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds, the Borrower or the Project and (ii) any fraud or misrepresentations or omissions contained in the proceedings of the Issuer pertaining to the financial condition of the Borrower.

(c) The Indemnified Party shall, in the event of any claim, suit, action or proceeding against it with respect to which indemnity may be sought on account of any indemnity agreement by the Borrower contained herein, promptly give written notice thereof to the Borrower, provided however, no indemnity shall be provided to the extent failure to give such notice results in the forfeiture by the Borrower of substantial rights and defenses. When such notice is given, the Borrower shall be entitled to participate, at its own expense, in the defense of, or if it so elects, to assume the defense of, such claim, suit, action or proceeding, in which event such defense shall be conducted by counsel chosen by the Borrower, provided that each Indemnified Party shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld, conditioned or delayed. If the Borrower shall elect not to assume such defense, it shall assume the payment of all expenses related thereto. Notwithstanding the above, each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof, provided that the Borrower shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the Borrower to represent the Indemnified Party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the Indemnified Party and the Borrower and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it and/or other Indemnified Parties that are materially different from or in addition to those available to the Borrower, (iii) the Borrower shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iv) the Borrower shall authorize the Indemnified Party to employ separate counsel at the expense of the Borrower. Each and every Indemnified Party shall have the right to compromise, settle or conclude any claim, action or proceeding against it with the written consent of the Borrower, which consent shall not be unreasonably withheld. The foregoing notwithstanding, in the event that the Borrower shall assume such defense and any Indemnified Party or Parties shall be advised in writing by independent legal counsel in its reasonable opinion that counsel selected by the Borrower is not fully and adequately protecting such party or parties and representing the interests of such party or parties and the Borrower has been given written notice thereof and a reasonable opportunity to cure or find other counsel acceptable to the Indemnified Parties, any such Indemnified Party or Parties shall have the right to conduct its own defense against any such claim, suit, action or proceeding in addition to or in lieu of any defense conducted by the Borrower, and the Indemnifying Party shall indemnify and hold harmless such Indemnified Party or Parties against and from any and all suits, claims, damages, liabilities or expenses whatsoever, including reasonable fees and expenses of counsel selected by such Indemnified Party or Parties incurred by and arising out of or in connection with any such claim, suit, action or proceeding.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section 12 is for any reason held to be unavailable, the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party

is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds.

(e) The Indemnified Parties, other than the Issuer and the Purchaser, shall be considered to be third party beneficiaries of this Agreement for purposes of this Section 12. The provisions of this Section 12 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination of this Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Exchange Act of 1934) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Loan Agreement or any other document.

Section 13. Miscellaneous.

13.1 All notices, demands and formal actions hereunder will be writing and mailed, telecopied or delivered to the following address or such other address as any of the parties shall specify:

If to the Initial Purchaser:	Hilltop Securities Inc. 1201 Elm Street, Suite 3500 Dallas, TX 75270 Facsimile: (214) 859-9475 Attention: Peter Stare
If to DB:	Deutsche Bank Securities Inc. _____ _____ Facsimile: _____ Attention: _____
If to the Issuer:	City and County of San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, Rm. 316 San Francisco, California 94102 Attention: City Controller
With copies to (which shall not constitute notice to the Issuer):	City and County of San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, Rm. 140 San Francisco, California 94102 Attention: City Treasurer Office of the City Attorney City Hall, 1 Dr. Carlton B. Goodlett Place, Rm. 234 San Francisco, California 94102 Attention: Finance Team

If to the Borrower:

2675 Folsom Owner, LP
c/o Axis Mission Creek LLC
Co-General Partner
580 California Street, 16th Floor
San Francisco, CA 94104
Attention: Theo F. Oliphant
Telephone: (415) 992-6997
Email: tolipphant@axisdevgroup.com

2675 Folsom Owner, LP
c/o Hunt Investment Management, LLC
Co-General Partner
4401 N. Mesa Street
El Paso, TX 79902
Attention: James Dobbie
Telephone: (505) 400-7100
Email: james.dobbie@huntcompanies.com

2675 Folsom Owner, LP
c/o AOF / Pacific Affordable Housing Corp.
Managing General Partner
7755 Center Avenue, Suite 575
Huntington Beach, CA 92647
Attn: Ajay Nayar
Telephone: (714) 799-1339 (ext. 0123)
Email: ajay.nayar@aofpacific.com

With copies to (which shall not constitute notice to the Borrower):

Cox, Castle & Nicholson LLP
50 California St., Suite 3200
San Francisco, CA 94111
Attention: Stephen C. Ryan, Esq.
Telephone: (415) 262-5150
Email: sryan@coxcastle.com

If to the Trustee:

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services

13.2 This Agreement will inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns and will not confer any rights upon any other person.

13.3 This Agreement may not be assigned by the Issuer or the Borrower without the prior written consent of the Initial Purchaser and the Purchaser, which consent shall not be unreasonably withheld or delayed; provided, however, the Purchaser shall be given at least 30 days prior written notice of any such proposed assignment. This Agreement may be assigned by the Purchaser upon written notice of such assignment from the Purchaser to the Issuer, the Initial Purchaser and the Borrower.

13.4 This Agreement may not be amended without the prior written consent of the Issuer, the Initial Purchaser, the Borrower and the Purchaser.

13.5 The representations, covenants and agreements of the Issuer and the Borrower will not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of (a) any investigations made by or on behalf of the Purchaser (or statements as to the results of such investigations) concerning such representations, covenants and agreements and (b) delivery of and payment for the Bonds.

13.6 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

13.7 This Agreement will become effective and binding upon the respective parties hereto upon the execution and delivery hereof by the parties hereto and will be valid and enforceable as of the time of such execution and delivery.

13.8 If any provision of this Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

13.9 This Agreement will be governed by and construed in accordance with the laws of the State applicable to agreements to be performed wholly therein without regard to choice of law principles.

13.10 Except as provided in Section 11, the obligations of the Purchaser and Borrower hereunder shall be without recourse to any partner, shareholder, member, trustee, officer, employee, agent or manager of the Purchaser or Borrower and no shareholder, member, partner, trustee, officer, employee, agent or manager of the Purchaser or Borrower shall be personally liable for the payment of any obligation of the Purchaser or Borrower, as applicable, hereunder. In the event any legal actions or proceedings are brought in respect of such obligations, any judgment against the Purchaser or Borrower shall be enforced only against the assets of the Purchaser or Borrower, as applicable, and not against any property of any trustee, partner, shareholder, member, officer, employee or manager of the Purchaser or Borrower.

13.11 The Issuer and the Borrower each acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction among the Issuer, the Initial Purchaser, the Borrower, and the Purchaser and the Initial Purchaser, and the Purchaser have financial and other interests that differ from those of the Issuer and the Borrower, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Initial Purchaser and the Purchaser are and have been acting solely as principals and is not acting as the agent, advisor, or fiduciary of the Issuer or the Borrower, (iii) none of the Initial Purchaser or the Purchaser has assumed an advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Initial Purchaser or the Purchaser has provided other services or is currently providing other services to the Issuer or the Borrower on other matters) and none of the Initial Purchaser or the Purchaser has an obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement and (iv) the Issuer and the Borrower has consulted their own legal, financial and other advisors to the extent they deem appropriate.

13.12 The provisions set forth in Exhibit C attached hereto are incorporated herein by reference.

[Counterpart Signature Page to the 2675 Folsom Street Apartments Bond Purchase Agreement]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Agreement.

HILLTOP SECURITIES INC.

By: _____
Peter Stare, Managing Director

[Signatures continue on next page]

[Counterpart Signature Page to the 2675 Folsom Street Apartments Bond Purchase Agreement]

**CITY AND COUNTY OF SAN FRANCISCO,
CALIFORNIA, as Issuer**

By: _____
Kate Hartley
Director
Mayor's Office of Housing
and Community Development

Approved as to Form:

DENNIS J. HERRERA
City Attorney

By: _____
Kenneth D. Roux
Deputy City Attorney

[Signatures continue on next page]

[Counterpart Signature Page to the 2675 Folsom Street Apartments Bond Purchase Agreement]

DEUTSCHE BANK SECURITIES INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

[Signatures continue on next page]

2675 FOLSOM OWNER, LP,
a California limited partnership

By: AOF Folsom LLC,
a California limited liability company,
its Managing General Partner

By: AOF / Pacific Affordable Housing Corp.,
a California nonprofit public benefit corporation,
its Sole Member and Manager

By: _____
Ajay Nayar, Vice President

By: SF Folsom JV, LLC,
a Delaware limited liability company,
its Co-General Partner

By: Hunt Folsom Manager (SPV), LLC,
a Delaware limited liability company,
its Co-Managing Member

By: Hunt Investment Management, LLC,
a Delaware limited liability company,
its Sole Member

By: _____
Guy Arnold, Executive Vice President

By: Axis Mission Creek LLC,
a Delaware limited liability company,
its Co-Managing Member

By: _____
Theo F. Oliphant, Managing Partner

EXHIBIT A – GLOSSARY OF TERMS

“1933 Act” means the Securities Act of 1933, as amended.

“1934 Act” means the Securities Exchange Act of 1934, as amended.

“1939 Act” means the Trust Indenture Act of 1939, as amended.

“Act” means, collectively, the provisions of Section 9.107 of the Charter of the City, Article I of Chapter 43 of the San Francisco Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code.

“Agreement” means this Bond Purchase Agreement, as amended from time to time.

“Bond Counsel” means Jones Hall, A Professional Law Corporation and Curlls Bartling P.C.

“Bonds” means the Issuer’s Multifamily Housing Revenue Bonds (2675 Folsom Street Apartments) Series 2017H, issued and delivered in the aggregate principal amount of \$_____, consisting of two subseries designated as (i) Series 2017H-1 in the principal amount of \$_____, (the “Tax-Exempt Bonds”) and (ii) Series 2017H-2 (Taxable) in the principal amount of \$_____ (the “Taxable Bonds”).

“Borrower” means 2675 Folsom Owner, LP, a California limited partnership, and its permitted successors and assigns under the Bond Documents to which it is a party.

“Borrower Documents” means this Agreement, the Loan Agreement, the Certificate as to Arbitrage, the Deed of Trust, the Note, the Regulatory Agreement, and any other applicable agreements relating to the Project to which the Borrower is a party.

“Closing” means the proceeding on the Closing Date at which the Bonds are delivered to the Purchaser.

“Closing Date” means December 19, 2017, the date on which the Closing takes place.

“Closing Documents” has the meaning ascribed to such term in Section 3 hereof.

“Code” means the Internal Revenue Code of 1986, as amended, together with all corresponding and applicable final or temporary regulations and revenue rulings issued or promulgated thereunder.

“Constitution” means the Constitution of the State.

“Deed of Trust” means that Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, executed by the Borrower in favor of the Issuer, for the purpose of securing the obligations of the Issuer under the Loan Documents, as such deed of trust may be originally executed or as from time to time supplemented or amended.

“DTC” means The Depository Trust Company.

“Guarantor” means the party or parties making the Non-Recourse Exceptions, Completion and Carry Guaranty dated as of December 1, 2017, in connection with the issuance of the Bonds.

“Indenture” means that certain Indenture of Trust, dated as of December 1, 2017, between the Issuer and the Trustee.

“Indemnified Parties” means the Issuer, the Initial Purchaser, the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Issuer, the Initial Purchaser, the Purchaser and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended.

“Initial Purchaser” means Hilltop Securities Inc., a corporation duly organized and validly existing under the laws of the state of Delaware, together with its successors, assigns or designees.

“Issuer” means the City and County of San Francisco, California, a municipal corporation duly organized and existing pursuant to its charter and the laws and constitution of the State of California.

“Issuer Documents” means, collectively, the Indenture, the Loan Agreement, the Regulatory Agreement, this Agreement and the Assignment of Deed of Trust and Loan Documents, dated as of December 1, 2017, executed by the Issuer.

“Legal Documents” means, collectively, the Borrower Documents and the Issuer Documents.

“Loan Agreement” means that certain Loan Agreement, dated as of December 1, 2017, between the Issuer and the Borrower.

“Loan Documents” shall have the meaning ascribed to such term in the Indenture.

“Note” means that certain multifamily note from the Borrower relating to the Bonds and secured by the Mortgage.

“Partners” means all partners comprise the Borrower.

“Project” means the multi-use development to contain 117 rental housing units, 24 of which will be affordable to very low income tenants, to be located at 2675 Folsom Street and 970 Treat Avenue, San Francisco, California 94110.

“Purchaser” means Deutsche Bank Securities, Inc., with its permitted successors and assigns hereunder.

“Regulatory Agreement” means that certain Regulatory Agreement and Declaration of Restrictive Covenants by and between the Issuer and the Borrower.

“Resolution” means the resolution or resolutions of the Issuer, authorizing, among other things, the execution and delivery by the Issuer of the Issuer Documents and the Bonds and the performance of its obligations thereunder.

“State” means the State of California.

“Trustee” means U.S. Bank National Association or its successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

EXHIBIT B – TERMS OF BONDS

1. Title of Bonds: City and County of San Francisco,
California Multifamily Housing Revenue
Bonds (2675 Folsom Street Apartments)
Series 2017H
\$_____ Series 2017H-1
\$_____ Series 2017H-2 (Taxable)
2. CUSIPs:
3. Purchase Price: [\$_____]
4. Payment Related Terms:
 - (a) *Date of the Bonds:* December 19, 2017.
 - (b) *Interest Payment Dates:* [_____, 20__ and the first day of each month thereafter, or as set forth in the Indenture.]
 - (c) *Aggregate Principal Amount:* \$_____
 - (d) *Maturity Date:* December 1, 20__
 - (e) *Interest Rate:* ____%
 - (f) *Redemption Provisions:*
 - (i) Mandatory Redemption: as set forth in the Indenture.
 - (ii) Optional Redemption: as set forth in the Indenture.
5. Logistics of Closing:
 - (a) *Time of Closing:* No later than __:00 a.m., Pacific time.
 - (b) *Date of Closing:* December 19, 2017.
 - (c) *Place of Closing:* Jones Hall, 475 Sansome St.,
San Francisco, CA 94111
 - (d) *Delivery of Bonds:* as directed by Initial Purchaser, subject to the provisions of Section 3 hereof.

EXHIBIT C – CITY AND COUNTY OF SAN FRANCISCO
MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Bond Purchase Agreement (“*Purchase Agreement*”) as if set forth in the body thereof and apply to the Borrower and the Initial Purchaser and the Purchaser, individually and not severally. Capitalized terms used but not defined in this Exhibit shall have the meanings given in this Purchase Agreement.

1. Conflict of Interest. Through its execution of this Purchase Agreement, each of the Borrower, Initial Purchaser and Purchaser (each referred to herein as “*Contractor*”) acknowledges that it is familiar with the provision of Section 15.103 of the City of San Francisco’s (the “*City*”) Charter, Article III, Chapter 2 of City’s Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Purchase Agreement.

2. Proprietary or Confidential Information of City. Contractor understands and agrees that, in the performance of the work or services under this Purchase Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Contractor agrees that all information disclosed by City to Contractor shall be held in confidence and used only in performance of the Purchase Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent Contractor would use to protect its own proprietary data.

3. Local Business Enterprise Utilization; Liquidated Damages.

a. The LBE Ordinance. Contractor shall comply with all the requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the “*LBE Ordinance*”), provided such amendments do not materially increase Contractor’s obligations or liabilities, or materially diminish Contractor’s rights, under this Purchase Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Purchase Agreement as though fully set forth in this section. Contractor’s willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of Contractor’s obligations under this Purchase Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Purchase Agreement, to exercise any of the remedies provided for under this Purchase Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Purchase Agreement expressly provides that any remedy is exclusive. In addition, Contractor shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. Enforcement. If Contractor willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Purchase Agreement pertaining to LBE participation, Contractor shall be liable for liquidated damages in an amount equal to Contractor’s net profit on this Purchase Agreement, or 10% of the total amount of this Purchase Agreement, or \$1,000, whichever is greatest. The Director of the City’s Contracts Monitoring Division or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the “*Director of CMD*”) may also impose other sanctions against Contractor authorized in the LBE Ordinance, including declaring the Contractor to be irresponsible and ineligible to contract with the City for a period of up to five

years or revocation of the Contractor's LBE certification. The Director of CMD will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17. By entering into this Purchase Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the CMD shall be payable to City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with City. Contractor agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Purchase Agreement, and shall make such records available for audit and inspection by the Director of CMD or the Controller upon request.

4. Nondiscrimination; Penalties.

a. Contractor Shall Not Discriminate. In the performance of this Purchase Agreement, Contractor agrees not to discriminate against any employee, City and County employee working with such Contractor or Subcontractor, applicant for employment with such Contractor or Subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts. Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all Subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Purchase Agreement.

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

d. Condition to Contract. As a condition to this Purchase Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contracts Monitoring Division (formerly 'Human Rights Commission').

e. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Purchase Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Purchase Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was

discriminated against in violation of the provisions of this Purchase Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

5. MacBride Principles – Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

6. Tropical Hardwood and Virgin Redwood Ban. Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges Contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

7. Drug-Free Workplace Policy. Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Contractor agrees that any violation of this prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Purchase Agreement.

8. Resource Conservation. Chapter 5 of the San Francisco Environment Code (“Resource Conservation”) is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

9. Compliance with Americans with Disabilities Act. Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through an owner, must be accessible to the disabled public. Contractor shall provide the services specified in this Purchase Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Purchase Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Purchase Agreement.

10. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, Contractors’ bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization’s net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

11. Limitations on Contributions. Through execution of this Purchase Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City’s Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for

such contract or six months after the date the contract is approved. Contractor acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Contractor further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any Subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Additionally, Contractor acknowledges that Contractor must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Contractor further agrees to provide to City the names of each person, entity or committee described above.

12. Requiring Minimum Compensation for Covered Employees.

a. Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Purchase Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of Contractor's obligations under the MCO is set forth in this Section. Contractor is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Contractor to pay Contractor's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Contractor is obligated to keep informed of the then-current requirements. Any subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Contractor's obligation to ensure that any Subcontractors of any tier under this Purchase Agreement comply with the requirements of the MCO. If any Subcontractor under this Purchase Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

c. Contractor shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Contractor shall maintain employee and payroll records as required by the MCO. If Contractor fails to do so, it shall be presumed that the Contractor paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Contractor's job sites and conduct interviews with employees and conduct audits of Contractor.

f. Contractor's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Purchase Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Contractor fails to comply with these requirements. Contractor agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Contractor's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Contractor understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Purchase Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Contractor is exempt from the MCO when this Purchase Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Contractor later enters into an agreement or agreements that cause Contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Purchase Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 in the fiscal year.

13. Requiring Health Benefits for Covered Employees.

Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Purchase Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Purchase Agreement shall have the meanings assigned to such terms in Chapter 12Q.

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

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

c. Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Purchase Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the

Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

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

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

g. Contractor shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

h. Contractor shall keep itself informed of the current requirements of the HCAO.

i. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

j. Contractor shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

k. Contractor shall allow City to inspect Contractor's job sites and have access to Contractor's employees in order to monitor and determine compliance with HCAO.

l. City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with City when it conducts such audits.

m. If Contractor is exempt from the HCAO when this Purchase Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the City to be equal to or greater than \$75,000 in the fiscal year.

14. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Purchase Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Contractor's use of profit as a violation of this section.

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

16. Compliance with Laws. Contractor shall keep itself fully informed of the City’s Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Purchase Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

17. Protection of Private Information. Contractor has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, “Nondisclosure of Private Information,” and 12M.3, “Enforcement” of Administrative Code Chapter 12M, “Protection of Private Information,” which are incorporated herein as if fully set forth. Contractor agrees that any failure of Contractor to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Contractor pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Contractor.

18. Food Service Waste Reduction Requirements. Contractor agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Purchase Agreement as though fully set forth. This provision is a material term of this Purchase Agreement. By entering into this Purchase Agreement, Contractor agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Contractor agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Purchase Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Contractor’s failure to comply with this provision.

19. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any Contractor, Subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A Contractor, Subcontractor or consultant will be deemed to have submitted a false claim to the City if the Contractor, Subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the

City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

20. Sugar-Sweetened Beverage Prohibition. Contractor agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Purchase Agreement.

21. Prevailing Wages. Owner understands and agrees that all provisions of section 1770, et seq., of the California Labor Code are required to be incorporated into every contract for any public work or improvement and are hereby incorporated into this contract. Owner also understands and agrees that all provisions of sections 6.22E and 6.22F of the San Francisco Administrative Code are hereby incorporated into this contract. Owner also understands and agrees that all applicable provisions of the Davis-Bacon Act (40 U.S.C. §§3141 et seq.) are hereby incorporated into this contract.