

Recording Requested by, and
when recorded, send notice to:
Shannon Ferguson
1650 Mission Street, Suite 400
San Francisco, CA 94103-2414

CALIFORNIA MILLS ACT HISTORIC PROPERTY AGREEMENT

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and Sally A. Sadosky Revocable Trust ("Owner").

RECITALS

Owner is the owner of the property located at 2251 Webster Street, in San Francisco, California (Block 0612, Lot 001A). The building located at 2251 Webster Street is designated as a contributor to the Webster Street Historic District pursuant to Article 10 of the Planning Code, and is also known as the "Historic Property". The Historic Property is a Qualified Historic Property, as defined under California Government Code Section 50280.1.

Owner desires to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owner's application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost one hundred twenty six thousand two hundred sixty dollars (\$126,260.00). (See Rehabilitation Plan, Exhibit A.) Owner's application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately two thousand eight hundred eighty dollars (\$2,880.00) annually (See Maintenance Plan, Exhibit B).

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property Owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owner desires to enter into a Mills Act Agreement (also referred to as a "Historic Property Agreement") with the City to help mitigate anticipated expenditures to restore and maintain the Historic Property. The City is willing to enter into such Agreement to mitigate these expenditures and to induce Owner to restore and maintain the Historic Property in excellent condition in the future.

NOW, THEREFORE, in consideration of the mutual obligations, covenants, and conditions contained herein, the parties hereto do agree as follows:

1. Application of Mills Act. The benefits, privileges, restrictions and obligations provided for in the Mills Act shall be applied to the Historic Property during the time that this Agreement is in effect commencing from the date of recordation of this Agreement.
2. Rehabilitation of the Historic Property. Owner shall undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") attached hereto according to certain standards and

requirements. Such standards and requirements shall include, but not be limited to: the Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10. The Owner shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits within no more than six (6) months after recordation of this Agreement, shall commence the work within six (6) months of receipt of necessary permits, and shall complete the work within three (3) years from the date of receipt of permits. Upon written request by the Owner, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owner may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. Work shall be deemed complete when the Director of Planning determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 12 and 13 herein.

3. Maintenance. Owner shall maintain the Historic Property during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B ("Maintenance Plan"), the Secretary's Standards; the OHP Rules and Regulations; the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10.

4. Damage. Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owner shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owner shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owner shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits within no more than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owner, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owner may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owner may mutually agree to terminate this Agreement. Upon such termination, Owner shall not be obligated to pay the cancellation fee set forth in Paragraph 13 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owner shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

5. Insurance. Owner shall secure adequate property insurance to meet Owner's repair and replacement obligations under this Agreement and shall submit evidence of such insurance to the City upon request.

6. Inspections and Compliance Monitoring. Prior to entering into this Agreement and every five years thereafter, and upon seventy-two (72) hours advance notice, Owner shall permit any representative of the City, the Office of Historic Preservation of the California Department of Parks and Recreation, or the State Board of Equalization, to inspect of the interior and exterior of the Historic Property, to determine Owner's compliance with this Agreement. Throughout the duration of this Agreement, Owner shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement, as requested by any of the above-referenced representatives.

7. Term. This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Term"). As provided in Government Code section 50282, one year shall be added automatically to the Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 9 herein.

8. Valuation. Pursuant to Section 439.4 of the California Revenue and Taxation Code, as amended from time to time, this Agreement must have been signed, accepted and recorded on or before the lien date (January 1) for a fiscal year (the following July 1-June 30) for the Historic Property to be valued under the taxation provisions of the Mills Act for that fiscal year.

9. Notice of Nonrenewal. If in any year of this Agreement either the Owner or the City desire not to renew this Agreement, that party shall serve written notice on the other party in advance of the annual renewal date. Unless the Owner serves written notice to the City at least ninety (90) days prior to the date of renewal or the City serves written notice to the Owner sixty (60) days prior to the date of renewal, one year shall be automatically added to the Term of the Agreement. The Board of Supervisors shall make the City's determination that this Agreement shall not be renewed and shall send a notice of nonrenewal to the Owner. Upon receipt by the Owner of a notice of nonrenewal from the City, Owner may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the Agreement, as the case may be. Thereafter, the Owner shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement, and based upon the Assessor's determination of the fair market value of the Historic Property as of expiration of this Agreement.

10. Payment of Fees. As provided for in Government Code Section 50281.1 and San Francisco Administrative Code Section 71.6, upon filing an application to enter into a Mills Act Agreement with the City, Owner shall pay the City the reasonable costs related to the preparation and approval of the Agreement. In addition, Owner shall pay the City for the actual costs of inspecting the Historic Property, as set forth in Paragraph 6 herein.

11. Default. An event of default under this Agreement may be any one of the following:

- (a) Owner's failure to timely complete the rehabilitation work set forth in Exhibit A, in accordance with the standards set forth in Paragraph 2 herein;
- (b) Owner's failure to maintain the Historic Property as set forth in Exhibit B, in accordance with the requirements of Paragraph 3 herein;
- (c) Owner's failure to repair any damage to the Historic Property in a timely manner, as provided in Paragraph 4 herein;

(d) Owner's failure to allow any inspections or requests for information, as provided in Paragraph 6 herein;

(e) Owner's failure to pay any fees requested by the City as provided in Paragraph 10 herein;

(f) Owner's failure to maintain adequate insurance for the replacement cost of the Historic Property, as required by Paragraph 5 herein; or

(g) Owner's failure to comply with any other provision of this Agreement.

An event of default shall result in Cancellation of this Agreement as set forth in Paragraphs 12 and 13 herein, and payment of the Cancellation Fee and all property taxes due upon the Assessor's determination of the full value of the Historic Property as set forth in Paragraph 13 herein. In order to determine whether an event of default has occurred, the Board of Supervisors shall conduct a public hearing as set forth in Paragraph 12 herein prior to cancellation of this Agreement.

12. Cancellation. As provided for in Government Code Section 50284, City may initiate proceedings to cancel this Agreement if it makes a reasonable determination that Owner has breached any condition or covenant contained in this Agreement, has defaulted as provided in Paragraph 11 herein, or has allowed the Historic Property to deteriorate such that the safety and integrity of the Historic Property is threatened or it would no longer meet the standards for a Qualified Historic Property. In order to cancel this Agreement, City shall provide notice to the Owner and to the public and conduct a public hearing before the Board of Supervisors as provided for in Government Code Section 50285. The Board of Supervisors shall determine whether this Agreement should be cancelled.

13. Cancellation Fee. If the City cancels this Agreement as set forth in Paragraph 12 above, and as required by Government Code Section 50286, Owner shall pay a Cancellation Fee of twelve and one-half percent (12.5%) of the fair market value of the Historic Property at the time of cancellation. The City Assessor shall determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The Cancellation Fee shall be paid to the City Tax Collector at such time and in such manner as the City shall prescribe. As of the date of cancellation, the Owner shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement and based upon the Assessor's determination of the fair market value of the Historic Property as of the date of cancellation.

14. Enforcement of Agreement. In lieu of the above provision to cancel the Agreement, the City may bring an action to specifically enforce or to enjoin any breach of any condition or covenant of this Agreement. Should the City determine that the Owner has breached this Agreement, the City shall give the Owner written notice by registered or certified mail setting forth the grounds for the breach. If the Owner does not correct the breach, or do not undertake and diligently pursue corrective action to the reasonable satisfaction of the City within thirty (30) days from the date of receipt of the notice, then the City may, without further notice, initiate default procedures under this Agreement as set forth in Paragraph 12 and bring any action necessary to enforce the obligations of the Owner set forth in this Agreement. The City does not waive any claim of default by the Owner if it does not enforce or cancel this Agreement.

15. Indemnification. The Owner shall indemnify, defend, and hold harmless the City and all of its boards, commissions, departments, agencies, agents and employees (individually and collectively, the "City") from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, loss of or damage to property occurring in or about the Historic Property; (b) the use or occupancy of the Historic Property by the Owner, their Agents or Invitees; (c) the condition of the Historic Property; (d)

any construction or other work undertaken by Owner on the Historic Property; or (e) any claims by unit or interval Owner for property tax reductions in excess those provided for under this Agreement. This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, and experts and related costs that may be incurred by the City and all indemnified parties specified in this Paragraph and the City's cost of investigating any claim. In addition to Owner's obligation to indemnify City, Owner specifically acknowledges and agrees that they have an immediate and independent obligation to defend City from any claim that actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false, or fraudulent, which obligation arises at the time such claim is tendered to Owner by City, and continues at all times thereafter. The Owner's obligations under this Paragraph shall survive termination of this Agreement.

16. Eminent Domain. In the event that a public agency acquires the Historic Property in whole or part by eminent domain or other similar action, this Agreement shall be cancelled and no cancellation fee imposed as provided by Government Code Section 50288.

17. Binding on Successors and Assigns. The covenants, benefits, restrictions, and obligations contained in this Agreement shall run with the land and shall be binding upon and inure to the benefit of all successors in interest and assigns of the Owner. Successors in interest and assigns shall have the same rights and obligations under this Agreement as the original Owner who entered into the Agreement.

18. Legal Fees. In the event that either the City or the Owner fails to perform any of their obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the prevailing party may recover all costs and expenses incurred in enforcing or establishing its rights hereunder, including reasonable attorneys' fees, in addition to court costs and any other relief ordered by a court of competent jurisdiction. Reasonable attorneys' fees of the City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

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

20. Recordation. Within 20 days from the date of execution of this Agreement, the parties shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco. From and after the time of the recordation, this recorded Agreement shall impart notice to all persons of the parties' rights and obligations under the Agreement, as is afforded by the recording laws of this state.

21. Amendments. This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.

22. No Implied Waiver. No failure by the City to insist on the strict performance of any obligation of the Owner under this Agreement or to exercise any right, power, or remedy arising out of a breach hereof shall constitute a waiver of such breach or of the City's right to demand strict compliance with any terms of this Agreement.

23. Authority. If the Owner signs as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owner does hereby covenant and warrant that such entity is a duly authorized and existing entity, that such entity has and is qualified to do business in California, that the Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owner is authorized to do so.

24. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

25. Tropical Hardwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

26. Charter Provisions. This Agreement is governed by and subject to the provisions of the Charter of the City.

27. Signatures. This Agreement may be signed and dated in parts

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows:

CITY AND COUNTY OF SAN FRANCISCO:

By: _____
___ Carmen Chu, Assessor-Recorder

DATE: _____

By: _____
___ John Rahaim, Director of Planning

DATE: _____

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

By: _____
___ Andrea Ruiz-Esquide, Deputy City Attorney

DATE: _____

OWNERS

By: _____
___ Sally A Sadosky, Owner

DATE: _____

OWNER(S)' SIGNATURE(S) MUST BE NOTARIZED.
ATTACH PUBLIC NOTARY FORMS HERE.

Exhibit A: Rehabilitation/Restoration Plan: 2251 Webster Street

1 Scope Number	Building Feature: West and NW Exterior (Back of House)
Type: Rehab/Restoration, Completed	
Contract Year for Work Completion: 2019	
Total Cost: \$12,650	
Description of Work Exterior Restoration and Painting	
Exterior painting was required due to old age (more than 8 years ago). Also water was noted coming in through the west facing window on the second floor and the doors on the west side first floor. Both restoration by fixing the leak as well as prepping and painting was required. Invoice of work details attached.	

2 Scope Number	Building Feature: Second story Windows facing West
Type: Rehab/Restoration, Proposed	
Contract Year for Work Completion: 2022	
Total Cost: \$14,000	
Description of Work: Replacement of Windows	
Replace the second story west facing windows in kind. The windows are regularly maintained, repaired and painted however full replacement is necessary due to extensive dry rot. Replacement windows will match profile, materials and design of original windows. Estimate attached + an additional \$2k for painting which is not included in this bid. <i>Work will be done in accordance with the National Park Service's Preservation Brief #10: Exterior Paint Problems on Historic Woodwork and Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings.</i>	

3 Scope Number	Building Feature: Interior plaster and lathe replacement
Type: Rehab/Restoration, Proposed	
Contract Year for Work Completion: 2022	
Total Cost: \$1500	
Description of Work: Repair the interior plaster and lathe	
<p>Work to be done in conjunction with the window replacement on west elevation. Clean and repair the plaster and lathe that was damaged due to a recently repaired leak on the exterior of the building.</p> <p>Estimate attached.</p> <p><i>Work will be done in conformance with the Secretary of the Interior's Standards and in accordance with the National Park Service's Preservation Brief #21: Repairing Historic Flat Plaster Walls and Ceilings</i></p>	

4 Scope Number	Building Feature: Windows facing East
Type: Rehab/Restoration, Proposed	
Contract Year for Work Completion: 2023	
Total Cost: \$24,000	
Description of Work: Replacement of Windows	
<p>Replace all east facing windows in kind + 1 first story window in the west facing window well in kind.. The windows are regularly maintained, repaired and painted however full replacement is necessary due to extensive dry rot. Replacement windows will match profile, materials and design of original windows.</p> <p>Estimate attached + an additional \$2k for painting which is not included in this bid.</p> <p><i>Work will be done in accordance with the National Park Service's Preservation Brief #10: Exterior Paint Problems on Historic Woodwork and Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings.</i></p>	

5 Scope Number	Building Feature: Roof
Type: Rehab/Restoration, Proposed	
Contract Year for Work Completion: 2025	
Total Cost: \$3200	
Description of Work. Repair Roof	
<ol style="list-style-type: none"> 1) Clean up drain and entire roof 2) Seal all nail exposures with strong roof chalking 3) Seal all roof penetrations such as roof jacks, air vents, chimney 4) Replace one air vent flashing that is installed improperly. It needs a roof membrane torch down to prevent future leaks. <p>Estimate for work in 2025 is attached</p> <p><i>All work will be done in conformance with the Secretary of the Interior's Standards.</i></p>	

6 Scope Number	Building Feature: East Exterior (front of the house)
Type: Rehab/Restoration, Proposed	
Contract Year for Work Completion: 2026	
Total Cost: \$31,910	
Description of Work: Restoration and Painting the Front Exterior	
<p>Restoration work will include: replace flashing on five of the window ledges, two bay window ledges and front door ledge to prevent further dry rot. Replacing several of the trim pieces where moisture is entering and causing dry rot. Pieces will be replicated to be exactly as original</p> <p>Painting of work will include: Sanding and prep weak spots to avoid future water and dry rot. Bondo and/or Caulk all seams on trim pieces, windows, doors as necessary, putty all nail holes. Paint front door, make any necessary restoration work to the front door.</p> <p>Estimates based on if the work was to be done in 2019: Scaffolding estimate \$1,960; Restoration estimate: \$6,500. Painting estimate to match current 7 color scheme \$23,450 Note, Invoice attached from 2014. Similar scope of work. \$21,609.</p>	

Work will be done in accordance with the National Park Service's Preservation Brief #10: Exterior Paint Problems on Historic Woodwork and Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

7 Scope Number Building Feature: West Facing Exterior door to Garage

Type: Rehab/Restoration, Proposed

Contract Year for Work Completion: 2028

Total Cost: \$2500

Description of Work: Replace Door leading into the back of the garage

A contractor recently inspected the exterior rear door to the garage and highly recommended having it replaced due to dry rot and safety. New door will be a simple wood door that is compatible with the design of the building and the historic district.

See the window estimate from Ocean Window and Door. Door estimate is \$1500 + labor which is all included in the window bid.

8 Scope Number Building Feature: Roof

Type: Rehab/Restoration, Proposed

Contract Year for Work Completion: 2029

Total Cost: \$20,000

Description of Work. Roof Replacement

A full roof replacement in kind plus and additional restoration work needed as determined at that time.

Work will be done in conformance with the Secretary of the Interior's Standards.

9 Scope Number Building Feature: Front Door (which is original)

Type: Rehab/Restoration, Proposed

Contract Year for Work Completion: 2029

Total Cost: \$16, 500

Description of Work: Replace or continually repair the Front Door

Replace original front door with new custom wood door to replicate the existing door. Current door is regularly painted and repaired as needed, but due to age, the wood is splitting and the seams are coming apart a little bit more each year.

(Estimate based on estimate provide by neighbor who has identical door)

Work will be done in conformance with the Secretary of the Interior's Standards.

Exhibit B: Maintenance Plan: 2251 Webster Street

1 Scope Number	Building Feature: Front and rear exterior: East and West Facing
Type: Maintenance: Completed and Proposed	
Contract Year for Work Completion: 2019 and each year when major painting work is not being scheduled	
Total Cost: \$1,800 per year once a year (minus the years where painting is happening)	
Description of Work: Professional wash Front and Rear Exterior Building	
<p>Professional wash on the exterior of the building</p> <p>Estimate from 2017 attached and only for the front of the house. Note: 2018 front washing only was paid for by neighbor due to their massive construction project.</p> <p>All washing will be performed using the gentlest means possible.</p> <p><i>Work will be done in conformance with the Secretary of the Interior's Standards and Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings.</i></p>	

2 Scope Number **Building Feature:** Front and rear exterior: East and West Facing

Type: Maintenance: Proposed

Contract Year for Work Completion: 2020 and each year when major painting work is not being scheduled

Total Cost: \$600

Description of Work: Inspect all the wooden elements of the house when the washing is being performed

When doing the professional washing, the painter and his crew agreed to inspect the front and back of the house. They will inspect the wooden elements of the façade and windows looking for damage or deterioration. If found, the extent and nature of the damage will be assessed. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind (e.g., wood for wood). This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

The estimate for the inspection only is an annotation on Maintenance Scope 1 estimate as a result of a phone conversation with my painter/contractor.

Work will be done in conformance with the Secretary of the Interior's Standards and Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings and National Park Service's Preservation Brief #10: Exterior Paint Problems on Historic Woodwork.

3 Scope Number Building Feature: Front and Rear Windows
Type: Maintenance, Proposed
Contract Year for Work Completion: 2019 and each year twice a year
Total Cost: \$480 each year (\$240 twice a year)
Description of Work: Window Washing twice a year
Professionally wash every window and check for leaks. See estimate attached. <i>Work will be done in conformance with the Secretary of the Interior's Standards and Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings.</i>