

AGREEMENT FOR TRANSFER OF REAL ESTATE

by and between

CITY AND COUNTY OF SAN FRANCISCO,
as Transferor

and

SUTTER WEST BAY HOSPITALS, a California corporation
doing business as California Pacific Medical Center,
as Transferee

For the conveyance of

The Vacated Portion of the Right-of-Way of San Jose Avenue
(Between Twenty-Seventh Street and Cesar Chavez Street),
San Francisco, California

_____, 201_

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- EXHIBIT B – Form of Quitclaim Deed
- EXHIBIT C – List of Existing Private Utility Holders

AGREEMENT FOR TRANSFER OF REAL ESTATE
(Portion of San Jose Avenue, San Francisco)

THIS AGREEMENT FOR TRANSFER OF REAL ESTATE (this "Agreement") dated for reference purposes only as of _____, 2012, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), and SUTTER WEST BAY HOSPITALS, a California nonprofit corporation doing business as California Pacific Medical Center ("CPMC").

THIS AGREEMENT IS MADE WITH REFERENCE TO THE FOLLOWING FACTS AND CIRCUMSTANCES:

RECITALS

A. CPMC owns the real property on either side of that portion of the San Jose Avenue right-of-way between Cesar Chavez Street and Twenty-Seventh Street in San Francisco generally depicted on the attached Exhibit A-1 and more particularly described in the attached Exhibit A (the "**Street Property**"). (In the event of any inconsistency between the description in Exhibit A and the depiction on Exhibit A-1, the description in Exhibit A shall control.)

B. CPMC operates four medical campuses in San Francisco, including a hospital known as St. Luke's Hospital, located at 3555 Cesar Chavez Street, San Francisco, California. CPMC has developed a long-term development program to meet the State's seismic safety requirements for hospitals and to create a framework and institutional master plan for CPMC's existing medical campuses and one proposed new medical campus in San Francisco. In connection with such plan, CPMC and City are entering into that certain Development Agreement Relating to the Construction and Reconstruction of Health Care Facilities in Furtherance of the California Pacific Medical Center Long Range Development Plan, dated on or around the date hereof (the "**Development Agreement**"), under which City agreed to certain terms and requirements in connection with specified CPMC projects and CPMC agreed to provide certain public benefits that exceed those required through the application of existing City ordinances, regulations, and policies, including, without limitation, the rebuilding of Saint Luke's Hospital as more particularly described in the Development Agreement. As proposed, a portion of the St. Luke's Hospital tower and portions of the entry plaza, courtyard and pedestrian pathway will be located on the Street Property.

C. The Street Property is currently gated at its northern end where it meets Cesar Chavez Street and is not presently open to through traffic.

D. The Street Property is not independently developable, and CPMC (or an affiliate of CPMC) is the only practicable purchaser of the Street Property. CPMC is willing to pay the full value of the Street Property, subject to receiving a credit against certain payments under the Development Agreement if certain conditions are satisfied, as described in this Agreement.

E. CPMC has requested that City vacate the Street Property and convey it to CPMC.

F. On _____, the Planning Commission determined that the vacation and transfer of the Street Property, and proposed reservation of easements, is consistent with the requirements of City's Planning Code Section 101.1 and is in conformity with the City's General Plan (the "**General Plan**").

G. CPMC desires to acquire the Street Property and City is willing to transfer the Street Property to CPMC, subject to approval by City's Board of Supervisors and Mayor, on the terms and conditions set forth below.

H. Capitalized terms not otherwise defined herein shall have the meanings given in the Development Agreement.

ACCORDINGLY, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and CPMC hereby agree as follows:

1. TRANSFER

1.1 **Transfer of Street Property.** Subject to the terms, covenants and conditions set forth herein, City agrees to transfer to CPMC, and CPMC agrees to acquire from City, City's interest in the Street Property.

1.2 **Purpose of Transfer.** The purpose of City's conveyance of the Street Property to CPMC under this Agreement is to allow for the development and operation of the St. Luke's Hospital as contemplated by the Development Agreement.

2. CONSIDERATION

2.1 **Appraised Value; Purchase Price.** City's Department of Real Estate's appraised value for the Street Property is One Million Ten Thousand Dollars (\$1,010,000.00) (the "**Purchase Price**"), which shall be the Purchase Price under this Agreement.

2.2 **Payment of Purchase Price; Credit Against Payments Under Development Agreement.** CPMC shall pay the Purchase Price to City at the consummation of the transfer contemplated hereunder (the "**Closing**"). [City shall deliver the Purchase Price to the Mayor's Office of Housing ("**MOH**"), as set forth in the Development Agreement.] In consideration of the significant public benefits accruing to City under the Development Agreement, if CPMC opens the St. Luke's Hospital by the date (the "**Credit Date**") that is the St. Luke's Opening Deadline (as defined in the Development Agreement), as extended by Excusable Delay (if any) in accordance with the terms of the Development Agreement (such timely opening, the "**Opening Condition**"), then CPMC shall receive a credit in the amount of the Purchase Price against the next Affordable Housing Payments payable to the Mayor's Office of Housing as described in Exhibit G of the Development Agreement until the credit amount is exhausted. Notwithstanding the foregoing, (i) CPMC shall not receive any credit under this Section 2.2 during any period in which CPMC is in default under the Development Agreement, and (ii) if the remaining Affordable Housing Payments to be made by CPMC at or after the Closing are less than the amount of the Purchase Price, then City shall either waive the requirement that CPMC pay such portions of the Purchase Price as are required to ensure that CPMC receives the full

value of the credit as set forth above, or refund the amount of the Purchase Price to CPMC on the Credit Date.

2.3 Manner of Payment. All sums payable hereunder shall be paid in immediately available funds of lawful money of the United States of America.

3. TITLE

3.1 Conditions of Title.

(a) Conditions of Title. At the Closing City shall quitclaim all of its right, title and interest in and to the Street Property to CPMC by quitclaim deed in the form of Exhibit B attached hereto (revised in accordance with the provisions of Section 3.8 below, if applicable) (the "**Deed**"). Title to the Street Property shall be subject to (a) liens of local real estate taxes and assessments not yet due and payable, (b) all existing exceptions and encumbrances existing at the Closing of this Agreement, whether or not disclosed by a current preliminary title report or the public records or any other documents reviewed by CPMC, and any other exceptions to title which would be disclosed by an accurate and thorough investigation, survey, or inspection of the Street Property or the public records; and (c) all items of which CPMC has actual or constructive notice or knowledge at the time of the Closing, but shall not be subject to Title Defects (as defined in Section 3.1(e) below) which have not been waived by CPMC or Prohibited Title Defects (as defined in Section 3.1(g) below). All of the foregoing exceptions to title shall be referred to collectively as the "Conditions of Title."

(b) Preliminary Report. Without limiting the foregoing, CPMC acknowledges receipt of a preliminary report issued by the Title Company under Title No. 10-36908227-B-MF, dated August 12, 2011, covering the Street Property (the "**Preliminary Report**") and approves all of the exceptions contained therein.

(c) Approved Exceptions. The Conditions to Title listed in Section 3.1(a) above, any exception relating to the need for a McEnerney Action, and the exceptions listed in the Preliminary Report are collectively referred to herein as the "**Approved Exceptions**."

(d) McEnerney Action. If CPMC elects to file an action under the McEnerney Act prior to Closing (the "**McEnerney Action**"), City agrees to reasonably cooperate with CPMC to prosecute the McEnerney Action, including authorization of City to act as plaintiff under the McEnerney Action and to substitute CPMC as plaintiff after the Closing, provided that CPMC will reimburse City for all costs reasonably incurred by City in connection therewith. Such reimbursement obligation shall survive the termination of this Agreement and shall survive the Closing.

(e) Title Defects; Disapproval or Waiver. If, after the date of this Agreement but before the Closing Date (as defined in Section 6.2 below), CPMC first becomes aware of any lien, encumbrance, covenant, assessment, easement, lease, tax or other title matter that encumbers the Street Property, is not an Approved Exception, and materially and adversely affects CPMC's ability to develop the St. Luke's Hospital as contemplated in the Development Agreement (a "**Title Defect**"), CPMC shall promptly provide City with written notice of such Title Defect and CPMC shall have ten (10) days from the date of CPMC's discovery of such Title

Defect to disapprove such Title Defect by written notice to City of such election (the "**Disapproval Notice**"). If CPMC does not disapprove such Title Defect within such period, the Title Defect shall be deemed waived, and such waived Title Defect shall be an Approved Exception.

(f) City's Response to Disapproval Notice; Extension of Closing Date. If CPMC delivers a Disapproval Notice, City may, but shall have no obligation to, remove or remedy the Title Defect identified in such Disapproval Notice. City shall notify CPMC within ten (10) days following City's receipt of the Disapproval Notice if City agrees to attempt to remove or otherwise remedy the identified Title Defect (the "**Remedy Notice**"). If City timely provides a Remedy Notice, then City shall promptly seek to remove or remedy the Title Defect and shall, upon request, keep CPMC apprised of its efforts. If City does not timely provide a Remedy Notice, then at CPMC's sole election to be made by written notice to City given within ten (10) business days of the deadline for delivery of the Remedy Notice, either (i) this Agreement shall terminate and neither party shall have any further rights or obligations hereunder except as otherwise expressly provided in this Agreement, or (ii) CPMC shall waive such Title Defect and proceed to Closing, in which event such Title Defect shall be waived. If City timely provides a Remedy Notice but thereafter fails to remove or remedy such Title Defect within sixty (60) days following delivery of the Remedy Notice, then CPMC shall elect, in its sole discretion, within ten (10) business days of the deadline for removal of the Title Defect, to either (i) terminate this Agreement and neither party shall have any further rights or obligations hereunder except as otherwise expressly provided in this Agreement, (ii) waive such Title Defect and proceed to Closing, or (iii) extend the time period for the City to remove or remedy the Title Defect up to an additional sixty (60) days. The Closing Date shall be delayed for the period required to accommodate the time periods set forth in this Section.

3.2 CPMC's Responsibility for Title Insurance. CPMC understands and agrees that the right, title and interest in the Street Property shall not exceed that vested in City, and City is under no obligation to furnish any policy of title insurance in connection with this transaction. CPMC recognizes that any fences, curbs or other physical monument of the Street Property's boundary lines may not correspond to the legal description of the Street Property, and the presence of any such encroachments shall not be a Title Defect. City shall not be responsible for any discrepancies in the parcel area or location of the property lines or any other matters which an accurate survey or inspection might reveal. It is CPMC's sole responsibility to obtain a survey from an independent surveyor and a policy of title insurance from a title company, if desired.

3.3 Vacation. In connection with the approval of this Agreement, the Board of Supervisors adopted an ordinance providing for the vacation of the Street Property upon the satisfaction of certain conditions. Upon the satisfaction of such conditions, the Street Property vacation shall occur and City shall terminate the Street Encroachment Permit recorded May 15, 1968, as instrument No. Q 63257, in Book B241, Page 991. CPMC shall pay all costs and expenses associated with the vacation of the Street Property as a public right of way. City staff at the Department of Real Estate agree to take actions reasonably necessary to assist DPW and SFPUC in the vacation and satisfaction of the conditions, provided that City shall not be required to incur any costs in connection therewith. CPMC shall cooperate with City in such undertaking, including, without limitation, providing City with current title reports, surveys and such other documents that may be necessary to finalize the vacation.

4. "AS IS" ACQUISITION; RELEASE OF CITY

4.1 CPMC's Independent Investigation. CPMC represents and warrants to City that CPMC has performed, or shall perform as provided in this Agreement, a diligent and thorough inspection and investigation of each and every aspect of the Street Property, either independently or through agents of CPMC's choosing, including, without limitation, the following matters (collectively, the "**Property Conditions**").

(a) All matters relating to title including, without limitation, the existence, quality, nature and adequacy of City's interest in the Street Property and the existence of physically open and legally sufficient access to the Street Property.

(b) The zoning and other legal status of the Street Property, including, without limitation, the compliance of the Street Property or its operation with any applicable codes, laws, regulations, statutes, ordinances and private or public covenants, conditions and restrictions, and all governmental and other legal requirements such as taxes, assessments, use permit requirements and building and fire codes.

(c) The quality, nature, adequacy, and physical, geological and environmental condition of the Street Property (including soils and any groundwater), and the presence or absence of any Hazardous Materials in, on, under or about the Street Property or any other real property in the vicinity of the Street Property. As used in this Agreement, "**Hazardous Material**" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment.

(d) All other matters of material significance affecting the Street Property.

4.2 Entry and Indemnity. City has given CPMC a full and complete opportunity to perform any and all testing and investigation of the Street Property that CPMC deems necessary and appropriate. City will provide additional reasonable access for such activities during the Term of this Agreement upon CPMC's request, provided that any such access will be made only pursuant to the terms and conditions of CPMC's existing encroachment permit or an alternative permit approved by City, and with such insurance and indemnity provisions contained therein as are satisfactory to the City.

4.3 "As Is" Acquisition. CPMC SPECIFICALLY ACKNOWLEDGES AND AGREES THAT CITY IS CONVEYING AND CPMC IS ACCEPTING CITY'S INTEREST IN THE STREET PROPERTY ON A STRICT "AS IS WITH ALL FAULTS" BASIS. CPMC IS RELYING SOLELY ON ITS INDEPENDENT INVESTIGATION AND NOT ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM CITY OR ITS AGENTS AS TO ANY MATTERS CONCERNING THE STREET PROPERTY, ITS SUITABILITY FOR CPMC'S INTENDED USES OR ANY OF THE STREET PROPERTY'S CONDITIONS. CITY DOES NOT GUARANTEE THE LEGAL, PHYSICAL, GEOLOGICAL, ENVIRONMENTAL OR OTHER CONDITIONS OF THE STREET PROPERTY, NOR DOES IT ASSUME ANY RESPONSIBILITY FOR THE COMPLIANCE OF THE STREET PROPERTY OR ITS USE WITH ANY STATUTE,

ORDINANCE OR REGULATION. IT IS CPMC'S SOLE RESPONSIBILITY TO DETERMINE ALL BUILDING, PLANNING, ZONING AND OTHER REGULATIONS RELATING TO THE STREET PROPERTY AND THE USES TO WHICH IT MAY BE PUT.

4.4 Hazardous Materials Disclosure. California law requires sellers to disclose to buyers the presence or potential presence of certain Hazardous Materials. Accordingly, CPMC is hereby advised that occupation of the Street Property may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. By execution of this Agreement, CPMC acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Section 25359.7 and related statutes.

4.5 Release of City. As part of its acquisition of the Street Property in its "As Is With All Faults" condition, CPMC, on behalf of itself and its successors and assigns (collectively, the "**Releasing Entities**"), waives any right to recover from, and forever releases and discharges, City, its officers, employees, agents, contractors and representatives, and their respective heirs, successors, legal representatives and assigns (collectively, the "**Released Entities**"), from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen (collectively, "**Losses**"), that may arise on account of or in any way be connected with (i) CPMC's and its Agents' and customers' past, present and future use of the Street Property, (ii) the physical, legal, geological and environmental condition of the Street Property, including, without limitation, any Hazardous Material in, on, under, above or about the Street Property and any water lines, sewer lines, or other facilities, structures, equipment and fixtures abandoned in place by City, except to the extent that any losses are caused by the active negligence or willful misconduct of City, (iii) any Title Defect, and (iv) the application to the Street Property of any Laws, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (also commonly known as the "**Superfund**" law), as amended by Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. Sections 9601-9657), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. Sections 6901-6987), the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 (33 U.S.C. Sections 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. Sections 2601-2629), Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), the Carpenter-Presley-Tanner Hazardous Substance Account Law (commonly known as the "**California Superfund**" law) (California Health and Safety Code Sections 25300-25395), Hazardous Waste Control Act (California Health and Safety Code Section 25100 et seq.), Hazardous Materials Release Response Plans and Inventory Law (commonly known as the "**Business Plan Law**") (California Health and Safety Code Sections 25500 et seq.), Porter-Cologne Water Quality Control Act (California Water Code Section 13000 et seq.), Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (California Health and Safety Code Section 25249.5 et seq.). This release is not intended to and does not waive any right of any of the Releasing Entities with respect to any of the following: (i) proper processing of applications, permits or other requests by any of the Released Entities from and after the Closing; (ii) City's obligations

under this Agreement; and (ii) any act or omission of any of the Released Entities after the Closing.

In connection with the foregoing release, CPMC expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

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

BY PLACING ITS INITIALS BELOW, CPMC SPECIFICALLY ACKNOWLEDGES AND CONFIRMS THE VALIDITY OF THE RELEASES MADE ABOVE AND THE FACT THAT CPMC WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THE ABOVE RELEASES.

INITIALS: CPMC: _____

4.6 Hazardous Materials Indemnity.

(a) Except to the extent that any Loss arising out of the presence of any Hazardous Materials on, under, in or about the Street Property was caused by the active negligence or willful misconduct of a Released Entity, CPMC, including its successors and assigns, shall indemnify, protect, defend and hold harmless the Released Entities from and against any and all Losses, including, without limitation, response, remedial or inspection costs, and any expenses (including, but not limited to, attorney and consultant fees, laboratory costs and litigation costs) of whatever kind or nature, known or unknown, contingent or otherwise, which are incurred by or asserted against the Released Entities after the Closing and arise from or relate directly to (i) any Hazardous Materials from, in, on, under or affecting or otherwise resulting from operations or activities on the Street Property, (ii) migration of Hazardous Materials onto the Street Property from any contiguous property or onto any other property from the Street Property, (iii) past disposal of Hazardous Materials on the Street Property by any person, known or unknown (except to the extent that the presence of any such Hazardous Materials on the Street Property was caused by the active negligence or willful misconduct of City or a Released Entity), (iv) the present, past or future removal, treatment, investigation, remediation or disposal of Hazardous Materials on or from the Street Property, and (v) any personal injuries or property damages, real or personal, any violations of law or of orders, regulations, requirements or demands of governmental authorities, and any lawsuit brought or threatened, settlement reached or governmental order arising out of or in any way related to Hazardous Materials on, in, from under or affecting or otherwise resulting from operations or activities on the Street Property.

(b) Whenever requested by CPMC, City shall reasonably assist CPMC in investigating the subject matter of a claim, securing evidence, obtaining witnesses, prosecuting or defending any action or proceeding, effecting settlement, and in any other lawful act which in the opinion of CPMC may be necessary or desirable in connection with the defense, compromise

or settlement of any claim to which this Section applies. Under no circumstances shall City or a Released Entity be required to incur any expense in connection with its obligations hereunder.

(c) CPMC's agreement to indemnify set forth in this Section is in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities which CPMC may have to the Released Entities in this Agreement, the Development Agreement, at common law or otherwise.

(d) City shall attempt to give CPMC prompt notice of any suit or claim initiated or threatened to be initiated against a Released Entity.

(e) Nothing in this Agreement is intended in any way to preclude or limit CPMC from pursuing any remedies CPMC may have with regard to the existence of Hazardous Materials in, on, under or about the Street Property against any person other than a Released Entity.

5. CONDITIONS PRECEDENT

5.1 CPMC's Conditions Precedent. The following are conditions precedent to CPMC's obligation to purchase the Street Property from City ("**CPMC's Conditions Precedent**") and except as provided in Section 5.2 below are intended solely for the benefit of CPMC.

(a) CPMC's review and approval of the physical condition of the Street Property and all zoning, land use, building, environmental and other statutes, rules, or regulations applicable to the Street Property.

(b) City's Board of Supervisors shall have adopted, and the Mayor shall have approved, in their respective sole and absolute discretion, a resolution approving and authorizing this Agreement and the transactions contemplated hereby, and such approval shall be Finally Granted. This item (b) of Section 5.1 is referred to as the "**Transfer Approval Condition.**"

(c) City's Board of Supervisors ordinance providing for the vacation of the Street Property and termination of the Encroachment Permit described in Section 3.3 shall be Finally Granted and effective. This item (c) of Section 5.1 is referred to as the "**Vacation Ordinance Condition.**"

(d) There shall be no pending litigation or administrative agency or other governmental proceeding against CPMC or City concerning the Street Property, which after Closing could materially adversely affect the ability of CPMC to own, improve and operate the Street Property in the manner contemplated in the Development Agreement. Any defense of such litigation shall be as set forth in the Development Agreement for Third Party Challenges. This item (d) of Section 5.1 is referred to as the "**Litigation Condition.**"

(e) Title Company is unconditionally prepared and committed to issue an ALTA Owner's Title Policy in the amount of the Purchase Price insuring fee title to the Street Property vested in CPMC, subject only to the Approved Exceptions (the "**Title Policy**"), upon receipt of payment of the standard premiums therefor.

(f) As of the Closing Date, City shall not be in default of any material term or condition of this Agreement.

(g) City shall not be in default of its obligations relating to the San Jose Avenue City Project as set forth in the Development Agreement.

(h) A Lot Line Adjustment to merge CPMC's adjacent parcels with the Street Property shall have been Finally Granted, and a certificate of compliance issued with respect thereto, each subject only to the closing of the conveyance of the Street Property.

5.2 City's Conditions Precedent. The following are conditions precedent to City's obligation to sell the Street Property to CPMC ("**City's Conditions Precedent**") and except as provided in Section 5.1 above are intended solely for the benefit of City:

(a) CPMC shall have performed all of its obligations hereunder and all of CPMC's representations and warranties shall be true and correct.

(b) The Transfer Approval Condition shall have been satisfied.

(c) The Vacation Ordinance Condition shall have been satisfied.

(d) City shall have received written confirmation from each of the parties identified in Exhibit C (each, a "**Utility Operator**"), in form and content reasonably satisfactory to City (each, a "**Confirmation of Satisfaction**"), that such Utility Operator's facilities have been relocated or replacement facilities outside of the Street Property have been installed such that any existing facilities in the Street Property can be abandoned.

(e) The properties adjacent to the Street Property shall be owned by CPMC and/or its affiliates.

(f) CPMC shall have paid all funds required in connection with the Closing or the vacation, including without limitation, all Closing Costs (all as described in Section 8.1 below) and the Purchase Price.

5.3 Failure of Conditions Precedent. Each of CPMC's Conditions Precedent other than the Sale Approval Condition and the Vacation Ordinance Condition is intended solely for the benefit of CPMC. If any of CPMC's Conditions Precedent is not satisfied as provided above, CPMC may, at its option, terminate this Agreement upon not less than thirty (30) days written notice to City. Each of City's Conditions Precedent other than the Sale Approval Condition and the Vacation Ordinance Condition is intended solely for the benefit of City. If any of City's Conditions Precedent is not satisfied as provided above, City may, at its option, terminate this Agreement upon not less than thirty (30) days written notice to CPMC. Upon any such termination by City or CPMC, neither party shall have any further rights or obligations hereunder except as provided in Section 8.1 (Expenses), Section 8.2 (Brokers), or Section 10.4 (Authority of CPMC), or as otherwise expressly provided herein.

6. ESCROW AND CLOSING

6.1 Escrow. Within thirty (30) days of the anticipated Closing Date, CPMC and City shall deposit an executed counterpart of this Agreement with the Title Company, and this instrument shall serve as the instructions to the Title Company as the escrow holder for consummation of the conveyance contemplated hereby. City and CPMC agree to execute such supplementary escrow instructions as may be appropriate to enable the Title Company to comply with the terms of this Agreement; provided, however, in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.

6.2 Closing Date. The Closing hereunder shall be held, and delivery of all items to be made at the Closing under the terms of this Agreement shall be made, at the offices of the Title Company on the date which is ten (10) days after the satisfaction or waiver of all of CPMC's Conditions Precedent and City's Conditions Precedent, or if such date is not a business day, then upon the next ensuing business day, before 1:00 p.m. San Francisco time (the "**Closing Date**"). Except as provided in Section 3.1 above, such date and time may not be extended without the prior written approval of both CPMC and City, acting through the Director of Property. If the Closing Date has not occurred on or before December 31, 2014 (the "**Outside Date**"), either party shall have the right to terminate this Agreement by sending notice to the other of such termination. Notwithstanding the foregoing, the CPMC may elect to extend the Closing Date for up to 24 months in order to satisfy the Litigation Condition.

6.3 Deposit of Documents.

(a) At or before the Closing, City shall deposit into escrow the following items:

(i) the duly executed and acknowledged Deed conveying the Street Property to CPMC;

(ii) a copy of the resolution of City's Board of Supervisors approving this Agreement;

(iii) a copy of the ordinance of City's Board of Supervisors approving the vacation of the Street Property (which copy shall have been recorded in the official records of the City and County of San Francisco (the "**Official Records**") upon the conditions to the effectiveness of the vacation set forth in such ordinance having been satisfied);

(iv) a copy of the conditional approval of a lot line adjustment; and

(v) a quit claim deed for the Encroachment Permit or confirmation that the Encroachment Permit was terminated as part of the street vacation.

(b) At or before the Closing, CPMC shall deposit into escrow the following items:

(i) the Purchase Price (subject to Section 2.2 above) and any additional funds necessary to close this transaction.

(c) City and CPMC shall each deposit such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the conveyance of the Street Property in accordance with the terms hereof. City and CPMC shall sign a final closing statement reflecting the payment and allocation of any funds in connection with the Closing.

(d) Upon the close of escrow for the Closing, the Title Company shall record in the Official Records the following documents in the following order: (1) the ordinance vacating the Street Property (if not previously recorded), (2) the Deed, and (3) the City Easement Agreement.

7. RISK OF LOSS

7.1 Condemnation and Damage or Destruction. City shall give CPMC notice of the occurrence of damage or destruction of, or the commencement of condemnation proceedings affecting, any portion of the Street Property. In the event that any material portion of the Street Property is condemned before the Closing, then CPMC may, at its option to be exercised within ten (10) days of City's notice of the condemnation, either terminate this Agreement or consummate the acquisition for the full Purchase Price as required by the terms hereof. If CPMC elects to terminate this Agreement or fails to give City notice within such 10 day period that CPMC will proceed with the acquisition, then this Agreement shall terminate at the end of such ten (10) day period and neither party shall have any further rights or obligations hereunder except as expressly provided herein. If CPMC elects to proceed with the acquisition of the Street Property, then upon the Closing, CPMC shall receive a credit against the Purchase Price payable hereunder equal to the amount of any condemnation awards actually collected by City as a result of any such condemnation. There shall be no reduction in the Purchase Price as a result of any damage or destruction to the Street Property. If the condemnation awards have not been collected as of the Closing, then City shall assign such awards to CPMC, except to the extent needed to reimburse City for sums expended to collect such awards, and CPMC shall not receive any credit against the Purchase Price with respect to such awards.

8. EXPENSES

8.1 Expenses. CPMC shall pay any transfer taxes applicable to the sale, personal property taxes, escrow fees and recording charges and any other costs and charges of the Escrow for the transfer (the "**Closing Costs**"). The provisions of this Section shall survive the Closing, or, if the conveyance of the Street Property is not consummated for any reason, any termination of this Agreement.

8.2 Brokers. The parties represent and warrant to each other that no broker or finder was instrumental in arranging or bringing about this transaction and that there are no claims or rights for brokerage commissions or finder's fees in connection with the transactions contemplated by this Agreement. If any person brings a claim for a commission or finder's fee based on any contact, dealings, or communication with CPMC or City, then the party through

whom such person makes a claim shall defend the other party from such claim, and shall indemnify the indemnified party from, and hold the indemnified party against, any and all costs, damages, claims, liabilities, or expenses (including, without limitation, reasonable attorneys' fees and disbursements) that the indemnified party incurs in defending against the claim. The provisions of this Section shall survive the Closing, or, if the conveyance of the Street Property is not consummated for any reason, any termination of this Agreement.

9. DEFAULT AND REMEDIES

9.1 Default; Right to Specific Performance. In the event that City or CPMC fails to perform such party's obligations under this Agreement (except as excused by the other party's default), including, without limitation, a failure to convey the Street Property, at the time and in the manner provided for hereunder, the party claiming default will make written demand for performance. Notwithstanding the foregoing, before sending a notice of default, the party that may assert a failure to perform shall first attempt to meet and confer with the other party to discuss alleged failure, and shall permit the other party a reasonable period, but not less than ten (10) days, to respond to or cure such alleged failure, provided, however, that the meet and confer process shall not be required for failure to pay amounts due and owing under this Agreement or if a delay in sending a notice of default would impair, prejudice or otherwise adversely affect a party or its rights under this Agreement. If the party receiving a notice of default and demand for performance fails to comply with such written demand within sixty (60) days after receipt thereof, provided that if the cure cannot reasonably be completed within sixty (60) days, then it shall not be considered a default if a cure is commenced within said sixty (60) day period and diligently prosecuted to completion thereafter, the party claiming default will have the option to (i) waive such default, (ii) demand specific performance of this Agreement, in addition to seeking any other remedy available at law or inequity, and shall be subject to the restriction in Section 9.2 below, or (iii) terminate this Agreement, in each case by written notice to the defaulting party. If a party becomes aware of a default by the other party under this Agreement that relates to the Street Property before the Closing Date and the party elects to proceed with the Closing, then the party that elects to proceed shall be deemed to have waived the default.

9.2 CPMC WAIVER OF CERTAIN REMEDIES. CPMC expressly waives all rights to obtain damages (other than attorney's fees and costs incurred in connection with the enforcement of CPMC's rights hereunder) in the event of a City default under this Agreement, including any failure to close the conveyance of the Street Property when required hereunder.

10. GENERAL PROVISIONS

10.1 Notices. Any notice or communication required or authorized by this Agreement shall be in writing and may be delivered personally or by registered mail, return receipt requested. Notice, whether given by personal delivery or registered mail, shall be deemed to have been given and received upon the actual receipt by any of the addressees designated below as the person to whom notices are to be sent. Either Party to this Agreement may at any time, upon notice to the other Party, designate any other person or address in substitution of the person and address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

CITY:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Director of Property

with a copy to:

John Rahaim
Director of Planning
San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94102

and a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Real Estate/Finance Team

CPMC:

Grant Davies
Executive Vice President
California Pacific Medical Center
2351 Clay Street, 7th Floor
San Francisco, CA 94115
Reference: San Jose Avenue – St. Luke's Hospital
Telefacsimile: (415) 600-8666
Telephone: (415) 600-3790

with a copy to:

Michael A. Duncheon, Esq.
Vice President and Regional Counsel, West Bay Region
Sutter Health
633 Folsom Street, Seventh Floor
San Francisco, CA 94107
Reference: San Jose Avenue – St. Luke's Hospital
Telefacsimile: (415) 600-6789
Telephone: (415) 600-6796

10.2 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, legal representatives,

administrators and assigns. CPMC's rights and obligations hereunder shall not be assignable without the prior written consent of City. In no event shall CPMC be released of any of its obligations under this Agreement.

10.3 Amendments. This Agreement may be amended or modified only by a written instrument signed by CPMC and City. The Director of Real Estate of the City (or any successor City officer as designated by law), shall have the authority to consent to any non-material amendments or other modifications to this Agreement. For purposes hereof, "non-material change" shall mean any change that does not materially reduce the consideration or benefits to the City under this Agreement or otherwise materially increase the liabilities or obligations of the City under this Agreement or materially reduce the rights of the Utility Operators under this Agreement. Material amendments to this Agreement shall require the approval of the Board of Supervisors, by resolution, after review by the Director of Planning and the City Attorney.

10.4 Authority of CPMC. CPMC represents and warrants to City that this Agreement and all documents executed by CPMC which are to be delivered to City at Closing: (a) are or at the time of Closing will be duly executed and delivered by CPMC; (b) are or at the time of Closing will be legal, valid and binding obligations of CPMC; and (c) do not and at the time of Closing will not violate any provision of any agreement or judicial order to which CPMC is a party or to which CPMC is subject. Notwithstanding anything to the contrary in this Agreement, the foregoing representations and warranties shall survive the Closing Date.

10.5 CPMC's Representations and Warranties. CPMC makes the following representations as of the date of this Agreement and at all times throughout this Agreement:

(a) CPMC is a California corporation duly organized and validly existing and in good standing under the laws of the State of California. CPMC has all requisite power and authority to conduct its business as presently conducted and authorized by all necessary action the execution, delivery and performance of this Agreement. CPMC has duly executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation of CPMC, enforceable against CPMC in accordance with the terms hereof.

(b) CPMC has not been suspended or disciplined by, or prohibited from contracting with, any federal, state or local governmental agency. In the event CPMC has been so suspended, disbarred, disciplined or prohibited from contracting with any governmental agency, it shall immediately notify the City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, debarment, discipline or prohibition may result in the termination or suspension of this Agreement.

(c) CPMC is not a party to any other agreement that would conflict with CPMC's obligations under this Agreement and it has no knowledge of any inability to perform its obligations under this Agreement. The execution and delivery of this Agreement and the agreements contemplated hereby by CPMC have been duly and validly authorized by all necessary action. This Agreement will be a legal, valid and binding obligation of CPMC, enforceable against CPMC in accordance with its terms.

(d) Through its execution of this Agreement, CPMC acknowledges that it is familiar with the provisions of Section 15.103 of the City's Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the California Government Code, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact prior to Closing.

(e) Notification of Limitations on Contributions. Through execution of this Agreement, CPMC acknowledges that it is familiar with Section 1.126 of City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City, whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until three (3) months after the date the contract is approved by the City elective officer or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

(f) To the current, actual knowledge of CPMC after reasonable inquiry, no document furnished by CPMC to the City with its application for this Agreement nor this Agreement contains any untrue statement of material fact or omits a material fact necessary to make the statements contained therein, or herein, not misleading under the circumstances under which any such statement shall have been made.

(g) No Bankruptcy. CPMC has neither filed nor is the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors, and, to the best of CPMC's knowledge, no such filing is threatened. CPMC is a California corporation duly organized and validly existing and in good standing under the laws of the State of California. CPMC has all requisite power and authority to conduct its business as presently conducted and authorized by all necessary action the execution, delivery and performance of this Agreement. CPMC has duly executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation of CPMC, enforceable against CPMC in accordance with the terms hereof.

10.6 Applicable Law and Venue. This Agreement has been executed and delivered in and shall be interpreted, construed, and enforced in accordance with the laws of the State of California. All rights and obligations of the Parties under this Agreement are to be performed in the City and County of San Francisco, and the City and County of San Francisco shall be the venue for any legal action or proceeding that may be brought, or arise out of, in connection with or by reason of this Agreement.

10.7 Entire Agreement. This Agreement, including the preamble paragraph, Recitals and Exhibits, and the agreements specifically referenced in this Agreement, constitutes the entire agreement between the Parties with respect to the subject matter contained herein.

10.8 Construction of Agreement. The Parties have mutually negotiated the terms and conditions of this Agreement and its terms and provisions have been reviewed and revised by legal counsel for both the City and CPMC. Accordingly, no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement. Language in this Agreement shall be construed as a whole and in accordance with its true meaning. The captions of the paragraphs and subparagraphs of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of construction.

10.9 Attorneys' Fees. Should legal action be brought by either party against the other for a default under this Agreement or to enforce any provision herein, the prevailing party in such action shall be entitled to recover its reasonable attorneys' fees and costs. For purposes of this Agreement, "reasonable attorneys' fees and costs" means the reasonable fees and expenses of counsel to the party, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "reasonable attorneys' fees and costs" shall also include, without limitation, all such reasonable fees and expenses incurred with respect to appeals, mediation, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. For the purposes of this Agreement, the reasonable fees of attorneys of City Attorney's Office shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's Office's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

10.10 Time of Essence. Time is of the essence with respect to the performance of the parties' respective obligations contained herein.

10.11 No Merger. The obligations contained herein shall not merge with the transfer of title to the Street Property but shall remain in effect until fulfilled.

10.12 Non-Liability of City Officials, Employees and Agents. Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, commission, member, officer, employee or agent of City shall be personally liable to CPMC, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to CPMC, its successors and assigns, or for any obligation of City under this Agreement.

10.13 Severability. Except as is otherwise specifically provided for in this Agreement with respect to any Laws which conflict with this Agreement, if any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect unless enforcement of the remaining portions of this Agreement would be unreasonable or

grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

10.14 Sunshine Ordinance. CPMC understands and agrees that under the City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Government Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder are public records subject to public disclosure. CPMC hereby acknowledges that the City may disclose any records, information and materials submitted to the City in connection with this Agreement.

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

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

10.17 No Recording. Neither this Agreement nor any memorandum or short form thereof may be recorded by CPMC.

10.18 Effective Date. This Agreement shall be effective on the later of (i) the effective date of a Board of Supervisor resolution approving this Agreement and (ii) the date this Agreement is executed and delivered by both parties.

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

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, CPMC ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL A RESOLUTION OF CITY'S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH A RESOLUTION, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT IN THEIR RESPECTIVE SOLE DISCRETION.

The parties have duly executed this Agreement as of the respective dates written below.

CITY:

CPMC:

CITY AND COUNTY OF
SAN FRANCISCO, a municipal corporation

SUTTER WEST BAY HOSPITALS,
a California corporation

By: _____
JOHN UPDIKE
Acting Director of Property

By: _____
Its: _____

Date: _____

APPROVED: Board of Supervisors
Resolution No. _____
Adopted on _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Charles Sullivan
Deputy City Attorney

EXHIBIT A

Legal Description of Street Property

(Attached)

EXHIBIT A-1
Depiction of Street Property
(Attached)

EXHIBIT B

Form of Quitclaim Deed

QUITCLAIM DEED

RECORDING REQUESTED BY,
AND WHEN RECORDED RETURN TO:

MAIL TAX STATEMENTS TO:

(Space above this line reserved for Recorder's use only)

QUITCLAIM DEED

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), pursuant to Ordinance No. _____, adopted by the Board of Supervisors on _____, 20__, and approved by the Mayor on _____, 20__, and Ordinance No. _____, adopted by the Board of Supervisors on _____, 20__, and approved by the Mayor on _____, 20__, hereby RELEASES, REMISES AND QUITCLAIMS to SUTTER WEST BAY HOSPITALS, a California nonprofit corporation doing business as California Pacific Medical Center ("Grantee"), any and all right, title and interest City may have in and to the real property located in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and made a part hereof (the "**Property**"). The foregoing release, remise and Quitclaim does not apply with respect to any easement granted to the City or any department thereof recorded in the public records of the San Francisco Assessor Recorder on the date this Quitclaim Deed is recorded in the public records.

Executed as of this _____ day of _____, 20__.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

JOHN UPDIKE
Acting Director of Property

APPROVED AS TO FORM

DENNIS J. HERRERA, City Attorney

By: _____

Deputy City Attorney

DESCRIPTION CHECKED/APPROVED:

By: _____

City Engineer

State of California)
) ss
County of San Francisco)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California)
) ss
County of San Francisco)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

**SEPARATE STATEMENT OF
DOCUMENTARY TRANSFER TAX**

NOT TO BE RECORDED

County Recorder
City and County of San Francisco

Ladies/Gentlemen:

In accordance with Revenue and Taxation Code Section 11932, it is requested that this statement of documentary transfer tax due not be recorded with the attached Deed, but affixed to the Deed after recordation and before return as directed on the Deed.

The Deed names City and County of San Francisco, a municipal corporation, as Grantor, and SUTTER WEST BAY HOSPITALS, a California nonprofit corporation doing business as California Pacific Medical Center, as Grantee. The improvements being transferred are located in the City and County of San Francisco, State of California.

The amount of documentary transfer tax due on the attached deed is _____ Dollars (\$_____), computed on the full value of the property [(less the value of any liens and encumbrances remaining on the property at the time of sale)].

Very truly yours,

a _____

By: _____

Its: _____

EXHIBIT A
TO
QUITCLAIM DEED

Legal Description of the Property

EXHIBIT C

List of Existing Private Utility Holders

Astound Broadband

ExteNet Systems

NextG Networks

Pacific Bell Telephone Company, dba AT&T California

Pacific Gas and Electric Company