

**FIRST AMENDMENT TO OPTION AGREEMENT  
FOR THE PURCHASE AND SALE OF REAL PROPERTY**

This FIRST AMENDMENT TO OPTION AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY (this “**First Amendment**”), dated as of \_\_\_\_\_, 2014, is entered into by and between CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “**City**”), TRANSBAY JOINT POWERS AUTHORITY, a joint powers agency created under California Government Code Sections 6500 *et seq.* (the “**TJPA**”), and SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic (the “**Agency**”), with reference to the following facts and circumstances:

**RECITALS**

**A.** The City, TJPA, and the former Redevelopment Agency of the City and County of San Francisco (“**Former Agency**”), the Agency’s predecessor in interest, entered into the Option Agreement for the Purchase and Sale of Real Property (“**Option Agreement**”) dated as of January 31, 2008. The Option Agreement implemented the Former Agency’s obligations under various agreements and state law related to the development and funding of the Transbay Terminal Project, public infrastructure and affordable housing; it also granted the Former Agency the option to take title to certain currently or formerly State-owned parcels (the “**Agency Transfer Parcels**”), subject to certain limitations.

**B.** Under Assembly Bill No. 812 (Chapter 99, Statutes of 2003, codified at California Public Resources Code Section 5027.1) (“**AB 812**”), any redevelopment plan adopted to finance, in whole or in part, the demolition of the Transbay Terminal building and the construction of a new terminal, including its associated vehicle ramps, shall ensure that at least 25 percent of all dwelling units developed within the project area shall be available at affordable housing cost to, and occupied by, persons and families whose incomes do not exceed 60 percent of the area median income, and that at least an additional 10 percent of all dwelling units developed within the project area shall be available at affordable housing cost to, and occupied by, persons and families whose incomes do not exceed 120 percent of the area median income (the “**Transbay Affordable Housing Obligation**”).

**C.** The City approved, by Ordinance No. 124-05 and Ordinance No. 99-06, the Redevelopment Plan for the Transbay Redevelopment Project (the “**Redevelopment Plan**”) for the Transbay Redevelopment Project (the “**Redevelopment Project**”). The Redevelopment Plan provides for the redevelopment, rehabilitation, and revitalization of the area generally bounded by Mission, Main, Second, and Folsom Streets in downtown San Francisco, and containing approximately forty (40) acres of land (the “**Project Area**”). The Redevelopment Plan also provides for the financing of the Transbay Terminal Project and thus triggered the Transbay Affordable Housing Obligation, which is explicitly incorporated into Section 4.9.2 of the Redevelopment Plan and into binding agreements.

**D.** The Redevelopment Plan established, under California Health and Safety Code Section 33333, the land use controls for the Project Area, required development to conform to

those land use controls, and divided the Project Area into two land use zones: Zone One and Zone Two. The Redevelopment Plan required the Former Agency to exercise land use authority in Zone One and authorized it to delegate to the San Francisco Planning Department (the “**Planning Department**”) the land use controls of the San Francisco Planning Code (the “**Planning Code**”), as amended from time to time, in Zone Two.

**E.** To implement the Transbay Affordable Housing Obligation and other objectives for the Project Area, the Redevelopment Plan provides, among other things, that “[s]ubject to the terms of owner participation agreements [with the Agency], owners shall be required to provide for infrastructure, affordable housing and open space in conjunction with the development of improvements in the Project Area” (Section 4.2.5); “all real property sold, leased or conveyed by the Agency, as well as all property subject to owner participation agreements, is subject to the provisions of [the Redevelopment Plan]” (Section 4.7.3); and “[l]eases, deeds, contracts, agreements and declarations of restrictions of the Agency may contain restrictions, covenants, covenants running with the land, rights of reverter, conditions subsequent, equitable servitudes or any other provision necessary to carry out [the Redevelopment Plan]” (Section 4.7.3). The Agency recorded the Transbay Redevelopment Project Area Declaration of Restrictions, which incorporates such matters, against all property in the Project Area (the “**Declaration of Restrictions**”).

**F.** Approximately ten (10) acres of land in Zone One of the Project Area were publicly owned land, including the former Transbay Terminal building and its bus access ramps (the “**State-Owned Parcels**”). The former Transbay Terminal building and ramps were in a blighted physical condition. Because these structures occupied several acres of land centrally located in the Project Area, they had a primary impact on physical and economic blighting conditions in the Project Area. The State, acting by and through its Department of Transportation (“**Caltrans**”), the City, and the TJPA entered into that certain Cooperative Agreement, dated as of July 11, 2003 (the “**Cooperative Agreement**”), pursuant to which the State has or will transfer the State-Owned Parcels to the City and the TJPA subject to certain terms and conditions, including the use of the State-Owned Parcels for the construction, or to fund the construction, of the Transbay Terminal Project (as defined in the Cooperative Agreement).

**G.** Pursuant to the Cooperative Agreement, the State has a Power of Termination with respect to any State-Owned Parcel transferred to the TJPA or to the City (the “**Power of Termination**”) that permits the State to re-take title to such State-Owned Parcel under certain terms and conditions specified in the Cooperative Agreement. The Cooperative Agreement obligates the State to release such Power of Termination over a State-Owned Parcel, however, if it is sold to a third party and the Gross Sales Proceeds (as defined in the Cooperative Agreement) from such sale are deposited in the Trust Account (as defined in the Cooperative Agreement) and used to pay the Capital Costs (as defined in the Cooperative Agreement) as required under the Cooperative Agreement.

**H.** Consistent with and in furtherance of the Cooperative Agreement, the Redevelopment Plan, and the Redevelopment Project, the City, TJPA, and the Former Agency entered into that certain Transbay Redevelopment Project Tax Increment Allocation and Sales

Proceeds Pledge Agreement (the “**Pledge Agreement**”), dated as of January 31, 2008, pursuant to which the parties provided for the irrevocable pledge of Net Tax Increment, as defined in the Pledge Agreement, to TJPA for construction and design of the Transbay Terminal Project. Also in furtherance of the Cooperative Agreement, the Redevelopment Plan and Redevelopment Project, the TJPA and the Former Agency entered into that certain Transbay Redevelopment Project Implementation Agreement, dated as of January 20, 2005 (the “**Implementation Agreement**”), which requires, among other things, the Former Agency to prepare and sell the Agency Transfer Parcels to third parties, deposit the Gross Sales Proceeds in the Trust Account, to help pay for the cost of constructing the Transbay Terminal Project, and execute all activities related to the implementation of the Redevelopment Plan, including the Transbay Affordable Housing Obligation.

**I.** TJPA demolished the former Transbay Terminal and ramps, and is constructing the Transbay Terminal Project, which is a public benefit and a central part of the Redevelopment Project. The Transbay Terminal Project will help to revitalize the Project Area and stimulate private investment by serving as a center of transit, retail, entertainment, and community facilities for the new transit oriented neighborhood. TJPA’s demolition of the former Transbay Terminal building and ramps has provided additional vacant land for development consistent with the Redevelopment Plan and Redevelopment Project.

**J.** On February 1, 2012, the Former Agency was dissolved pursuant to Assembly Bill No. IX 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) (“**AB 26**”) and the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos*, 53 Cal. 4<sup>th</sup> 231 (2011). On June 27, 2012, AB 26 was amended in part by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“**AB 1484**”). (AB 26 and AB 1484 are codified in sections 33500 et seq. of the California Health and Safety Code, which sections, as amended from time to time, are referred to as the “**Redevelopment Dissolution Law**.”)

**K.** Under Redevelopment Dissolution Law, the Agency was designated as the successor agency to receive the non-affordable housing assets of the Former Agency, and the Agency succeeded, by operation of law, to the Former Agency’s rights, title and interest in the Option Agreement, without the necessity for any assignment or other action on the part of any party. On October 2, 2012, the City’s Board of Supervisors adopted Ordinance 215-12 (File No. 120898) acknowledging that the Agency is a separate legal entity, creating a commission for the Agency (the “**Commission**”) as a policy body of the Agency and delegating to the Commission the authority to act in place of the former San Francisco Redevelopment Agency Commission to implement certain projects, but retaining authority to approve material changes in the affordable housing obligations of the Agency. As required by Redevelopment Dissolution Law, the City also established the oversight board of the Agency (the “**Oversight Board**”).

**L.** On April 15, 2013, the California Department of Finance (“**DOF**”) determined finally and conclusively that the Pledge Agreement, the Implementation Agreement, and the Transbay Affordable Housing Obligation are enforceable obligations under Redevelopment Dissolution Law and will not be subject to further DOF review except to determine if future Agency expenditures are consistent with those obligations. Letter, S. Szalay, DOF Local

Government Consultant, to T. Bohee, Agency Executive Director (April 15, 2012[sic]) (the “**Transbay Final and Conclusive Enforceable Obligations**”).

**M.** California Health and Safety Code Section 34177 provides that the Agency, as a successor agency, is required to (1) perform obligations required pursuant to any enforceable obligation, and (2) continue to oversee development of properties until the contracted work has been completed.

**N.** The Option Agreement is also an enforceable obligation that existed prior to June 28, 2011. Under the Option Agreement, Section 2.1, the Agency holds an exclusive and irrevocable option to purchase (the “**Option**”) the Agency Transfer Parcels, including, among others, Parcel F (Block 3721, Lot 015A), and Parcel O (portion of Block 3739, Lot 008), Parcel O’ (portion of Block 3739, Lot 008), and Parcel O” (portion of Block 3739, Lot 008) (together the northern about one-third of Parcels O, O’ and O” and generally depicted as “**Block 4**” on Exhibit 4 to the Redevelopment Plan are referred to as “**Redevelopment Block 4**”), in San Francisco, CA, on the terms and conditions of the Option Agreement. One of the conditions of the Option Agreement prohibits the Agency from selling an Agency Transfer Parcel to a third party unless the sales price is equal to or greater than the Baseline Valuation, as defined in the Option Agreement, for that Agency Transfer Parcel. Baseline Valuation is the minimum price that Agency can accept for the sale of an Agency Transfer Parcel and is determined by an appraisal that includes consideration of Redevelopment Plan development restrictions, environmental contamination, legally required affordable housing, and other conditions which reasonably affect the fair market value. Under the current projections of housing units that will be built in the Project Area, assuming Redevelopment Block 4’s projected capacity of 550 units, up to 45 percent of the units on Redevelopment Block 4 (or 248 units), will need to be affordable units to comply with the Transbay Affordable Housing Obligation, and the affordable units for any residential project located within Parcel F will be subject to the affordable housing requirements specified in the Planning Code.

**O.** The planned uses of Parcel F and Redevelopment Block 4 by third parties must comply with the Development Controls and Design Guidelines for the Transbay Redevelopment Project set forth in the Redevelopment Plan (the “**Development Controls**”), which govern private projects in Zone One and require, among other things, the parcelization and assembly of land into blocks and lots that are suitable for development. Under the Redevelopment Project, the Agency plans to aggregate and prepare Parcel F for disposition and development as primarily office use, and aggregate and prepare Redevelopment Block 4 for disposition and development as residential use, but these planned uses are subject to change.

**P.** Under the Option Agreement, Section 4.1(a), the Agency may first exercise the Option only after certain conditions have been satisfied, including, relative to Parcel F and Redevelopment Block 4, only after such parcels are not being used by TJPA for actual construction or demolition of ramps and siting of the temporary terminal facility, which are part of the Transbay Terminal Project. TJPA is currently using Parcel F for actual construction of the new bus ramps and train box, and Parcels O, O’, and O” for the temporary terminal facility. TJPA currently expects its use of Parcel F and Parcels O, O’, and O” for these purposes will end in late 2016 and late 2017, respectively, although the schedule is subject to change. Thus, TJPA

and the Agency do not expect that the conditions precedent to the Agency's ability to exercise its rights under the Option Agreement for Parcel F or Redevelopment Block 4 will be satisfied until late 2016 and late 2017. The Agency's ability to complete its work under the Redevelopment Project relative to Parcel F and Redevelopment Block 4 and wind down its affairs under the Redevelopment Project are facilitated by TJPA's timely completion of construction of Phase 1 of the Transbay Terminal Project. The property tax revenues that are expected to flow to the taxing entities upon completion of development of Parcel F and Redevelopment Block 4, as well as the other Agency Transfer Parcels, will be facilitated by TJPA's timely completion of construction of the Transbay Terminal Project.

**Q.** In January 2010, TJPA entered into a \$171.0 million loan under the Transportation Infrastructure Finance and Innovation Act (the "**TIFIA Loan**") to fund a portion of the Transbay Terminal Project costs. As of the effective date of this First Amendment, TJPA has not yet satisfied all of the disbursement conditions under the TIFIA Loan. As a result, TJPA cannot currently requisition proceeds under the TIFIA Loan. TJPA expects to satisfy all of the disbursement conditions and draw on the TIFIA Loan in late 2015, although the schedule is subject to change.

**R.** To obtain interim cash flow funding necessary to certify construction contracts and make construction disbursements for the Transbay Terminal Project, pending TJPA's satisfaction of the remaining disbursement conditions under the TIFIA Loan, TJPA intends to close a bridge loan in the amount of \$171.0 million (the "**Bridge Loan**") arranged by Goldman Sachs Bank USA ("**Goldman**") pursuant to that certain Credit Agreement, to be dated as of \_\_\_\_\_, 2014, among TJPA, as borrower, the lenders party thereto (the "**Lenders**"), and Goldman, as administrative agent and collateral agent for the Lenders (as amended, restated, supplemented, extended or otherwise modified from time to time and as refinanced, refunded or replaced from time to time, the "**Credit Agreement**").

**S.** As a condition to funding the Bridge Loan under the Credit Agreement, the Lenders require, among other things, the following to occur in order to protect and create certain security interests for the Bridge Loan: (1) Caltrans shall relinquish its Power of Termination with respect to Parcel F and Redevelopment Block 4, and any interest Caltrans has in the Gross Sales Proceeds of such parcels (including any requirement that such Gross Sales Proceeds be deposited in the Trust Account) and any gross lease revenues generated from any portion of such parcels, in exchange for a portion of the proceeds of the Bridge Loan being deposited in the Trust Account at the closing of the Bridge Loan (the "**Caltrans Release**"), (2) TJPA shall execute a deed of trust, assignment of leases and rents and security agreement, creating a first priority pledge of, security interest in and lien on all of TJPA's right, title and interest in and to Parcel F, as well as, among other things, the cash proceeds from the sale, lease or other disposition of Parcel F, subject to TJPA's reservation for certain train box components on Parcel F<sup>1</sup> (the "**Deed of Trust**"), (3) TJPA shall execute a recordable negative covenant on Parcels O, O', and O'', prohibiting TJPA from selling or encumbering Redevelopment Block 4 before the Bridge Loan is repaid in full, unless TJPA deposits a specified amount into a "lockbox" account (the "**Lockbox Account**") as collateral for the Bridge Loan (the "**Negative Pledge**"); and (4) TJPA

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<sup>1</sup> Subject to on-going discussion about reservation for trainbox and related infrastructure.

and the Agency shall subordinate the Option Agreement and the Agency's interest in the Option relative to Parcel F to the Deed of Trust, and the Option Agreement and the Agency's interest in the Option relative to Parcels O, O', and O'' to the Negative Pledge (the "**Subordinations**"). The Credit Agreement establishes a minimum price (the "**Lien Release Price**") for each of Parcel F and Redevelopment Block 4 that must be achieved in order for a sale of Parcel F or Redevelopment Block 4 to be permitted under the Credit Agreement and the Deed of Trust (in the case of Parcel F) or the Negative Pledge (in the case of Redevelopment Block 4). TJPA and the Agency have determined that the Lien Release Price is reasonably achievable, after taking into consideration the Redevelopment Plan development restrictions, environmental contamination, legally required affordable housing, and other conditions which reasonably affect the fair market value; the Lien Release Price is not subject to change. Nothing in the Credit Agreement, the Deed of Trust, the Negative Pledge, and the Subordinations prevents the Agency from fulfilling its obligations under the Transbay Final and Conclusive Enforceable Obligations with respect to Parcel F, Redevelopment Block 4, or any other portion of Parcels O, O', and O''.

**T.** The Bridge Loan has a four year term and may be prepaid by TJPA without penalty or premium after the first anniversary of the closing of the Bridge Loan. TJPA expects to satisfy the conditions precedent under the TIFIA Loan, draw on the TIFIA Loan, and prepay in full the Bridge Loan in late 2015, although the schedule is subject to change. Pursuant to the Credit Agreement and the Subordinations, the Deed of Trust and the Negative Pledge will each be released when TJPA repays the Bridge Loan in full. Thus, TJPA expects that the Agency's Subordinations would be released in late 2015, one to two years before the Agency would otherwise be eligible to exercise its Option to acquire Parcel F or Redevelopment Block 4, although the schedule is subject to change.

**U.** In the event that the Agency is eligible to exercise its Option to acquire Parcel F or Redevelopment Block 4 before the TJPA repays the Bridge Loan in full, the Credit Agreement, the Deed of Trust, the Negative Pledge, and the Subordinations expressly acknowledge the requirement for the Agency to fulfill the Transbay Affordable Housing Obligation and authorize the Agency to exercise the Option relative to Parcel F or Redevelopment Block 4, as the case may be, in accordance with the Option Agreement, and require the release of the Deed of Trust or the Negative Pledge, as applicable, provided that (1) TJPA is not in default under the Credit Agreement or the other Bridge Loan documents, (2) the Gross Sales Proceeds from the Agency's sale of Parcel F or Redevelopment Block 4, as the case may be, to a third party are equal to or greater than the Lien Release Price for Parcel F or Redevelopment Block 4, as applicable, (3) those Gross Sales Proceeds are deposited into the Lockbox Account; provided, however, that if the collective Gross Sales Proceeds for Parcel F and Redevelopment Block 4 exceeds the Lien Release Price for Parcel F and Redevelopment Block 4, the excess amount shall be deposited in the Trust Account, and (4) certain other conditions set forth in the Subordinations are satisfied.

**V.** In the event of a foreclosure sale or a sale pursuant to any power of sale contained in or under any mortgage, deed of trust, or other encumbrance upon all or any portion of Parcel F or Redevelopment Block 4, the purchaser or purchasers and their successors and assigns, and the property, shall continue to be subject to all of the conditions, restrictions and covenants provided in the Transbay Final and Conclusive Enforceable Obligations and Declaration of Restrictions,

and the Agency retains the obligation and authority to determine the infrastructure, affordable housing, and open space requirements that apply to any development on all or any portion of Parcel F or Redevelopment Block 4. Pursuant to the Credit Agreement, the Deed of Trust, the Negative Pledge, and the Subordinations, the Lenders expressly acknowledge that the terms and conditions of the Transbay Final and Conclusive Enforceable Obligations, including the Transbay Affordable Housing Obligation, apply to and pass with Parcel F and Redevelopment Block 4, and apply to and bind the successors in interest of any owner of all or any portion of Parcel F and Redevelopment Block 4; and that Parcel F and Redevelopment Block 4 shall be held, transferred, sold and conveyed, subject to the conditions, restrictions, reservations and covenants set forth in the Transbay Final and Conclusive Enforceable Obligations and Declaration of Restrictions.

**W.** In order to (1) permit TJPA to offer the Deed of Trust for Parcel F and the Negative Pledge for Parcels O, O', and O'' as security for the Bridge Loan, and (2) authorize TJPA and the Agency to subordinate to the Deed of Trust and the Negative Pledge the Option Agreement and the Agency's rights and privileges under the Option relative to Parcel F and Parcels O, O', and O'', all for the purpose of facilitating timely completion of construction of Phase 1 of the Transbay Terminal Project, and the significant public and tax benefits that derive therefrom under the Redevelopment Project, the City, TJPA, and the Agency wish to enter into this First Amendment.

**X.** This First Amendment is in the best interests of the taxing entities, including the City and TJPA. This First Amendment will: (1) facilitate timely completion of construction of Phase 1 of the Transbay Terminal Project, which is a public benefit, will help to revitalize the Project Area and stimulate private investment, and is a central part of the Redevelopment Project, (2) facilitate the Agency's timely implementation of the disposition and development of Redevelopment Block 4 and Parcel F under the Redevelopment Project, (3) facilitate the Agency's fulfillment of the Transbay Affordable Housing Obligation, and (4) generate timely receipt of property tax revenues by the taxing entities. This First Amendment will significantly aid the winding down of the affairs of the Agency.

## **AGREEMENT**

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

**1.** Agency Transfer Parcels Subject to First Amendment. The following Agency Transfer Parcels are subject to the provisions of this First Amendment: Parcel F, Parcel O, Parcel O', and Parcel O'', as such parcels are more particularly shown in the map attached to the Option Agreement as Exhibit A-1 thereto.

**2.** Cooperative Agreement and Transbay Final and Conclusive Enforceable Obligations. The intent of this First Amendment is in furtherance of the Cooperative Agreement, as may have been modified by Caltrans under the Caltrans Release, and of the Transbay Final and Conclusive Enforceable Obligations.

### 3. Exercise of Option.

(a) The terms, conditions, and requirements for the exercise of the Option for Parcel F and Parcel O, Parcel O', and Parcel O'' shall be supplemented by, subject to and modified by, as necessary, the terms, conditions, and requirements in the final form of the following documents to be recorded in the Official Records of the City and County of San Francisco against Parcel F and Parcel O, Parcel O', and Parcel O'': the Deed of Trust, the substantial form of which is attached hereto as Exhibit \_\_\_\_\_ and which shall encumber Parcel F and will encumber Redevelopment Block 4 if the Negative Pledge is released as to Parcel O, Parcel O', and Parcel O'' pursuant to the terms of the Negative Pledge; the Negative Pledge, the substantial form of which is attached hereto as Exhibit \_\_\_\_\_ and which shall encumber Parcels O, O', and O''; and the Subordinations, the substantial forms of which are attached hereto as Exhibits \_\_\_\_\_ and \_\_\_\_\_, one which shall encumber Parcel F and one of which shall encumber Parcels O, O', and O''; provided, however, that nothing in the Deed of Trust, the Negative Pledge and the Subordinations shall be construed as preventing the Agency from fulfilling its Transbay Final and Conclusive Enforceable Obligations with respect to Parcel F, Redevelopment Block 4, and any other portion of Parcels O, O', and O''.

(b) After a Caltrans Release has been recorded as to Parcel F and Redevelopment Block 4, the requirements of Articles 5 and 6 of the Option Agreement relating to the State's review and approval of the Gross Sales Proceeds and Baseline Valuation for Parcel F and Redevelopment Block 4 shall no longer apply. If Agency exercises the Option as to Parcel F or Redevelopment Block 4, or to any portion thereof, while the Subordination affecting such parcel or portion is in effect, Agency shall obtain the fair market value appraisal described in Section 6.1 of the Option Agreement and follow the requirements for the deposit of Gross Sales Proceeds with respect to such parcel or portion in compliance with the Subordination that affects such parcel or portion. If the collective Gross Sales Proceeds for Parcel F and Redevelopment Block 4 exceeds \$171,000,000, such excess amount shall be deposited in the Trust Account one (1) business day after repayment of the Bridge Loan in full.

(c) If Agency exercises the Option as to Parcel F or Redevelopment Block 4, or to any portion thereof, after the termination of the Subordination affecting such parcel or portion and sells such parcel or portion to a third party, Agency shall obtain the fair market value appraisal described in Section 6.1 of the Option Agreement, and deposit the Gross Sales Proceeds from such sale in the Trust Account on the closing of such sale.

(d) The City's Board of Supervisors will review and approve transfers of such parcels from the Agency to third parties prior to the final transfer of such parcel consistent with the review and approval process provided in California Health and Safety Code Section 33433.

4. Consent to Encumbrances; Consent to Subordinations. Notwithstanding anything to the contrary under the Option Agreement (including without limitation Section 12.2 thereof) or otherwise, if the Bridge Loan is made pursuant to the terms and conditions of the Credit Agreement and all of the Bridge Loan proceeds are deposited in the Trust Account, less any amounts necessary to reserve for capitalized interest, hedging costs, required expense reserves and transaction fees with respect to the Bridge Loan and up to \$9.9 million to pay for



construction related soft costs for the Transbay Terminal Project, then: (a) the Agency and the City hereby consent to, and agree that TJPA and Goldman shall be permitted to record, the Deed of Trust, in substantially the form attached hereto as Exhibit \_\_\_\_\_, against Parcel F; (b) the Agency and the City hereby consent to, and agree that TJPA and Goldman shall be permitted to record, the Negative Pledge, in substantially the form attached hereto as Exhibit \_\_\_\_\_, against Parcels O, O', and O"; and (c) the Agency and the City hereby consent to, and agree that TJPA and the Agency shall be permitted to record, the Subordinations, in substantially the form attached hereto as Exhibits \_\_\_\_\_ and \_\_\_\_\_, against Parcel F and Parcels O, O', and O", respectively.

## 5. Miscellaneous.

(a) Incorporation. This First Amendment constitutes a part of the Option Agreement and each reference to the Option Agreement shall be deemed to include a reference to the Option Agreement as amended by this First Amendment.

(b) Ratification. To the extent of any inconsistency between this First Amendment and the Option Agreement, the provisions contained in this First Amendment shall control. Except as expressly amended by this First Amendment, all terms, covenants, conditions, and provisions of the Option Agreement shall remain in full force and effect.

(c) Other Definitions. All capitalized terms used but not defined herein shall have the meanings assigned thereto in the Option Agreement.

(d) Successors and Assigns. This First Amendment shall be binding upon and inure to the benefit of the successors and assigns of the parties, subject to the limitations set forth in the Option Agreement.

(e) Counterparts. This First Amendment may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same document, binding on all parties hereto notwithstanding that each of the parties hereto may have signed different counterparts. Delivery of this First Amendment may be effectuated by hand delivery, mail, overnight courier services, or electronic communication (including by PDF sent by electronic mail, facsimile, or similar means of electronic communication). Any electronic signatures shall have the same legal effect as manual signatures.

(f) Governing Law; Venue. This First Amendment shall be governed by and construed in accordance with the laws of the State of California and the City's Charter. The parties hereto agree that all actions or proceedings arising directly or indirectly under this First Amendment shall be litigated in courts located with the County of San Francisco, State of California.

(g) Integration. This First Amendment contains the entire agreement between the parties hereto with respect to the subject matter of this First Amendment. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this First Amendment. No prior drafts of this First Amendment

or changes from those drafts to the executed version of this First Amendment shall be introduced as evidence in any litigation or other dispute resolution proceeding by either party hereto or any other persons, and no court or other body shall consider those drafts in interpreting this First Amendment.

(h) Further Assurances. The parties shall execute and deliver all documents, amendments, agreements, and instruments reasonably necessary or reasonably required in furtherance of this First Amendment, including documents and agreements attached to this First Amendment or incorporated herein by reference, and other documents reasonably related to the foregoing.

(i) Effective Date. This First Amendment shall become effective on the latest to occur of (the “**First Amendment Effective Date**”) (i) the date that it is duly executed and delivered by the parties hereto, (ii) the effective date of the last resolution required to be adopted by the legislative body of the parties hereto authorizing that party to enter this First Amendment, (iii) the effective date of a resolution adopted by the Oversight Board approving this First Amendment, or (iv) the date of closing of the Bridge Loan.

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IN WITNESS WHEREOF, the parties have each caused this First Amendment to be duly executed on its behalf as of the First Amendment Effective Date.

AGENCY:  
  
Authorized by Agency Resolution No.  
adopted \_\_\_\_\_, 2014

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY  
AND COUNTY OF SAN FRANCISCO,  
a public body, corporate and politic

Oversight Board Resolution No.  
adopted \_\_\_\_\_, 2014

By: \_\_\_\_\_  
Name: Tiffany Bohee  
Title: Executive Director

APPROVED AS TO FORM:

By: \_\_\_\_\_  
James B Morales  
General Counsel

TJPA:  
  
Authorized by TJPA Resolution No.  
adopted \_\_\_\_\_, 2014

TRANSBAY JOINT POWERS AUTHORITY, a  
Joint Powers Agency

By: \_\_\_\_\_  
Name: Maria Ayerdi-Kaplan  
Title: Executive Director

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Deborah Miller  
Shute, Mihaly & Weinberger

**[SIGNATURES CONTINUED ON FOLLOWING PAGE]**

CITY:

CITY AND COUNTY OF SAN FRANCISCO, a  
municipal corporation

By: \_\_\_\_\_  
Name: John Updike  
Title Director of Property

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

EXHIBIT \_\_\_\_  
DEED OF TRUST

EXHIBIT \_\_\_\_  
NEGATIVE PLEDGE

EXHIBIT \_\_\_\_\_  
SUBORDINATION  
(Deed of Trust)

EXHIBIT \_\_\_\_\_  
SUBORDINATION  
(Negative Pledge)

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