

File No. 240192

Committee Item No. 3

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date March 27, 2024

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
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|                                     |                          | • Draft Repayment Agreement                  |
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#### OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Planning – General Plan Referral 2/12/2024</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Baker Places Memo 3/15/2024</u>                |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>DPH Presentation 3/27/2024</u>                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Baker Places Presentation 3/27/2024</u>        |
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Completed by: Brent Jalipa Date March 21, 2024

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Repayment Agreement and Purchase Agreement - Baker Places, Inc. - Baker to Repay  
2 \$7,669,814 to the City - 333-7th Street - \$3,000,000 Plus Estimated Closing Costs \$8,200]

3 **Resolution 1) authorizing the City to execute a Repayment Agreement (“Agreement”)**  
4 **with Baker Places, Inc. (“Baker”), requiring Baker to repay to the City a debt amount of**  
5 **\$7,669,814 (“Debt”) over a 23-year term from April 1, 2024, through January 31, 2046,**  
6 **pursuant to Charter, Section 9.118, including a parent guaranty by Baker’s parent**  
7 **company PRC, a collateralization of two Baker/PRC real property assets to secure the**  
8 **Debt; 2) approving and authorizing the Director of Property, on behalf of the**  
9 **Department of Public Health, to acquire certain property located at 333-7th Street for an**  
10 **amount of \$3,000,000 plus an estimated \$8,200 for closing costs; 3) approving and**  
11 **authorizing an Agreement of Purchase and Sale for Real Estate for the acquisition of**  
12 **the Property from Baker (the “Purchase Agreement”); 4) authorizing the Director of**  
13 **Property to execute the Purchase Agreement, make certain modifications, and take**  
14 **such actions in furtherance of this Resolution and the Purchase Agreement, as defined**  
15 **herein, effective upon approval of this Resolution; 5) affirming the Planning**  
16 **Department’s determination under the California Environmental Quality Act; and 6)**  
17 **adopting the Planning Department’s findings that the Purchase Agreement, and the**  
18 **transaction contemplated therein, is consistent with the General Plan, and the eight**  
19 **priority policies of Planning Code, Section 101.1.**

20  
21 WHEREAS, Baker Places, Inc. (“Baker”) is a wholly owned subsidiary of PRC (a  
22 California nonprofit public benefit corporation formerly known as Positive Resource Center)  
23 (“PRC”); and  
24  
25

1 WHEREAS, The Department of Public Health (“DPH”) performed an audit of Baker’s  
2 Medi-Cal billings during Fiscal Year (FY) 2015-2016 that showed a total Baker Medi-Cal  
3 repayment obligation of \$1,304,352 (“Medi-Cal Obligation”); and

4 WHEREAS, Since January 1, 2019, the City awarded various behavioral health  
5 services contracts to Baker (“Contracts”); and

6 WHEREAS, The City made authorized initial payments to Baker in FY2021-2022 and  
7 FY2022-2023 totaling \$9,212,287 on the Contracts (“Initial Payments”); and

8 WHEREAS, Through March 31, 2024, Baker will have repaid the City \$2,846,724 of  
9 these Initial Payments; and

10 WHEREAS, Baker is obligated to repay to the City the remaining sum of \$6,365,463 in  
11 connection with Initial Payments and the sum of \$1,304,352 for the Medi-Cal Obligation, for a  
12 total repayment obligation of \$7,669,814 (collectively, the “Debt”); and

13 WHEREAS, DPH wishes to enter into a repayment agreement with Baker to repay the  
14 Debt on the terms and conditions described herein (“Agreement”); and

15 WHEREAS, PRC has guaranteed Baker’s repayment of the Debt (“Parent Guaranty”);  
16 and

17 WHEREAS, Baker is the owner in fee simple of real property located at 333-7th Street,  
18 San Francisco, California (Assessor’s Parcel Block No. 3754, Lot No. 031), consisting of a  
19 two-story residential care facility with 16 beds (“333-7th”); and

20 WHEREAS, Baker has offered and the City has accepted Baker’s proposal that it repay  
21 the City a portion of the Debt by entering into a purchase and sale agreement with the City  
22 and selling 333-7th to the City for \$3,000,000 Dollars; and

23 WHEREAS, The City, through DPH and the Real Estate Division, and in consultation  
24 with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the  
25 Property from Baker for \$3,000,000 (“Purchase Price”), plus an estimated \$8,200 for typical

1 closing costs, substantially in the form approved by the Director of Property and the DPH  
2 Director and on file with the Clerk of the Board of Supervisors in File No. 240192, incorporated  
3 herein by reference; and

4 WHEREAS, The Director of Property has determined the Purchase Price to be at or  
5 below fair market value; and

6 WHEREAS, The Purchase Agreement will not become effective until the Board of  
7 Supervisors and the Mayor approve this Resolution, in their sole and absolute discretion; and

8 WHEREAS, The Planning Department, by letter dated February 12, 2024 ("Planning  
9 Letter") has determined that the City's proposed acquisition of 333-7th is not defined as a  
10 project under California Environmental Quality Act ("CEQA") Guidelines, Sections 15378 and  
11 15060C(c)(2) ("CEQA Determination"), and is consistent, on balance, with the General Plan,  
12 and the eight priority policies of Planning Code, Section 101.1 ("General Plan Findings"), and  
13 a copy of said Planning Letter is on file with the Clerk of the Board of Supervisors in File  
14 No. 240192 and is incorporated herein by reference; and

15 WHEREAS, Baker has also offered and the City has accepted Baker's proposal that  
16 the Agreement be collateralized by the following two additional assets owned by Baker and/or  
17 PRC ("Assets"); and

18

Robertson Place	921-923 Lincoln Way, San Francisco, CA 94122
San Jose Place	673 San Jose Ave, San Francisco, CA 94110

19  
20

21 WHEREAS, Concurrent with the Agreement, Baker has agreed to execute and record  
22 against title to each of the Assets a Performance Deed of Trust and Declaration of  
23 Restrictions in favor of the City; and

24 WHEREAS, Baker has agreed to repay the Debt at the rate of \$20,100 monthly over a  
25 23-year term, including 1.12% per annum interest; and

1 WHEREAS, Baker has agreed to the elimination of Initial Payments by the City to  
2 Baker and PRC on all contracts; and

3 WHEREAS, Baker has agreed to indemnify, defend, and hold the City harmless from  
4 all claims arising from the Debt and/or the Agreement, except where claim is the result of the  
5 sole active negligence or willful misconduct of City; and

6 WHEREAS, In the event that Baker and/or PRC fails to cure an event of default under  
7 the Agreement, City may enforce the Parent Guaranty; and

8 WHEREAS, Should both Baker and Parent fail timely to achieve a cure of an event of  
9 default under the Agreement, the City may terminate all Contracts between the City, Baker,  
10 and/or PRC, and voluntarily debar Baker and/or PRC for up to three (3) years ("Voluntary  
11 Debarment"); and

12 WHEREAS, Following any event of default, including PRC's failure to cure, and/or after  
13 a Voluntary Debarment, the City may exercise its option enforce the Performance Deeds of  
14 Trust; and

15 WHEREAS, Baker agrees to release the City from all actions, causes of action,  
16 damages and/or claims arising from the Debt and/or this Agreement; and

17 WHEREAS, A draft of the Agreement, including the Parent Guaranty, is on file with the  
18 Clerk of the Board of Supervisors in File No. 240192, which is hereby declared to be a part of  
19 this Resolution as if set forth fully herein; now, therefore be it

20 RESOLVED, That, pursuant to Charter, Section 9.118, the Board of Supervisors  
21 hereby authorizes the Director of Health to enter into the Agreement to repay to the City the  
22 sum of \$7,669,814 over a 23-year repayment term; and, be it

23 FURTHER RESOLVED, That in accordance with the recommendations of the DPH  
24 Director and the Director of Property, the Board of Supervisors hereby approves the Purchase  
25

1 Agreement presented to the Board, and authorizes the Director of Property to acquire the  
2 Property, and, be it

3 FURTHER RESOLVED, That in accordance with the recommendations of the DPH  
4 Director and the Director of Property, the Board of Supervisors authorizes the DPH Director  
5 and the Director of Property to enter into the Purchase Agreement and to take all actions  
6 necessary or appropriate to acquire the Property and effectuate the Purchase Agreement and  
7 this Resolution, and, be it

8 FURTHER RESOLVED, That the Board of Supervisors approves the Director of  
9 Property or his her designee, in consultation with the DPH Director and the Office of the City  
10 Attorney, to enter into any additions, amendments, or other modifications to the Purchase  
11 Agreement and any other documents or instruments necessary in connection therewith  
12 (including, but not limited to, the exhibits and ancillary agreements attached to the Purchase  
13 Agreement), that the Director of Property determines are in the best interest of the City, do not  
14 materially decrease the benefits to the City with respect to the Property, do not materially  
15 increase the obligations or liabilities of the City, are necessary or advisable to complete the  
16 transaction contemplated in the Purchase Agreement, and that effectuate the purpose and  
17 intent of this Resolution, such determination to be conclusively evidenced by the execution  
18 and delivery by the Director of Property of any such additions, amendments, or other  
19 modifications, and, be it

20 FURTHER RESOLVED, That the Board of Supervisors affirms the Planning  
21 Department's CEQA Determination and General Plan Findings, for the same reasons as set  
22 forth in the Planning Letter, and hereby incorporates such findings by reference as though  
23 fully set forth in this Resolution; and, be it

24 FURTHER RESOLVED, That approval of the Purchase Agreement shall not be  
25 construed as approval of any change in use or new project on the Property; the City will

1 conduct environmental review of any new uses and/or project, following further design  
2 development and study under CEQA, and retains absolute discretion to: 1) modify potential  
3 future projects to mitigate significant adverse environmental impacts, 2) select feasible  
4 alternatives which avoid significant adverse impacts, 3) require the implementation of specific  
5 measures to mitigate the significant adverse environmental impacts, 4) reject proposed  
6 projects if the economic and social benefits of said project do not outweigh otherwise  
7 unavoidable significant adverse impacts of the project, or 5) approve future projects upon a  
8 finding that the economic and social benefits of said project outweigh otherwise unavoidable  
9 significant adverse impacts; and, be it

10 FURTHER RESOLVED, That within thirty (30) days of the Repayment Agreement and  
11 the Purchase Agreement being fully executed by all parties, the Director of Health shall  
12 provide the final agreement to the Clerk of the Board for inclusion in File No. 240192.

13  
14 RECOMMENDED:

15  
16 /s/  
17 Dr. Grant Colfax  
18 Director of Health  
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25

<b>Item 3</b> <b>File 24-0192</b>	<b>Department:</b> Department of Public Health
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>The proposed resolution approves (1) a Repayment Agreement between Baker Places, Inc. (Baker Places) and the Department of Public Health for Baker Places to repay debt of \$7.7 million, and (2) a Purchase and Sale Agreement for the Department of Public Health to acquire 333 7<sup>th</sup> Street for \$3 million.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>Baker Places provides residential and behavioral health services through contracts with the Department of Public Health. Positive Resource Center acquired Baker Places in 2017.</li> <li>Since FY 2021-22, Baker Places has exceeded its allocated budget, incurring debt to the Department of Public Health of \$7.7 million. Under the proposed resolution, Baker Places would make annual debt payments to the Department totaling \$4.7 million over 22 years and transfer to the Department ownership of the residential facility at 333 7<sup>th</sup> Street with an appraised value of \$3 million.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>Total costs for the purchase of 333 7<sup>th</sup> Street are \$9.97 million, including \$3 million credited to the debt owed by Baker Places to the Department of Public Health and \$6.97 million in renovation costs, including installation of an elevator. Although the total estimated cost for purchase and renovation of 333 7<sup>th</sup> Street is \$9.97 million, we recommend approval of the Purchase and Sale Agreement because it meets the Department’s objectives of preserving residential care beds and providing debt repayment.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>According to the Financial Sustainability Plan for Baker Places, the nine program sites owned by Positive Resource Center/Baker Places have long-term capital needs for which a revenue source has not been identified. 2153-2157 Grove Street and 214 Dolores Street are two of the nine sites, for which Baker Places has outstanding loans from the Mayor’s Office of Housing and Community Development with loan payments deferred until 2050 and 2051 respectively.</li> </ul> <p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Approve the proposed resolution.</li> <li>Because Positive Resource Center/Baker Places have insufficient real estate and asset management capacity and lack revenue sources for long-term capital needs, we recommend that the Board of Supervisor request a plan from the Mayor’s Office of Housing and Community Development and the Department of Public Health by September 30, 2024, for the City to assume ownership of 214 Dolores Street and 2153-2157 Grove Street and place these properties under the jurisdiction of the Department of Public Health.</li> </ul>	



## MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

Administrative Code Section 23.3 states that the Board of Supervisors must approve acquisitions and conveyances of real property by resolution. An appraisal of the property is required if the Real Estate Division determines that the fair market value is greater than \$10,000.

## BACKGROUND

The Department of Public Health (Public Health) has four contracts with Baker Places, Inc. (Baker Places), a nonprofit organization, to provide mental health and substance use disorder services. These four contracts provide 203 residential treatment beds, shown in the Attachment. The FY 2023-24 contract budgets total \$18.0 million.

### Exhibit 1: Public Health Contracts with Baker Places

Program	FY 2021-22	FY 2022-23	FY 2023-24
Hummingbird Potrero	\$3,261,247	\$3,698,436	\$3,848,281
Hummingbird Valencia	2,515,316	2,855,017	2,990,630
Ferguson Place	1,600,674	2,212,046	2,010,013
Baker Regular (Residential & Housing)	12,839,463	12,971,463	9,173,338
Total	\$20,216,700	\$21,736,962	\$18,022,262

Source: Department of Public Health

Positive Resource Center, a nonprofit organization, purchased Baker Places in 2017 and entered into an Affiliation Agreement in which Positive Resource Center is the sole corporate member of Baker Places, Inc. Positive Resource Center and Baker Places remain legally separate but report their finances in a consolidated financial statement, discussed in more detail below.

In FY 2021-22, Baker Places and Positive Resource Center exceeded the allocated budget for several programs. In June 2022, the Board of Supervisors approved one-time, limited-term grants of \$1.2 million through June 2023 to ensure Positive Resource Center and Baker Places financial solvency. In November 2022, the Department of Public Health presented to the Board of Supervisors a plan to stabilize the financial condition of and programs provided by Positive Resource Center/Baker Places, including transferring some programs to other nonprofit providers.

The Controller's Citywide Nonprofit Monitoring Report for FY 2022-23 identified Positive Resource Center/Baker Places as "elevated concern" based on FY 2022-23 monitoring results.<sup>1</sup> Positive Resource Center/Baker Places were to develop an action plan to address fiscal and

<sup>1</sup> Positive Resource Center/Baker Places had been on "red flag" status based on FY 2021-22 monitoring results, indicating that the organizations had been at imminent risk of being unable to provide contracted services.

organizational concerns in FY 2023-24. In February 2023, the Controller's Office funded preparation of a long term sustainability plan for Positive Resource Center/Baker Places, prepared by the nonprofit Community Visions, which is discussed in more detail below.

### DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- Approve a Repayment Agreement for Baker Places Inc. (Baker Places) to repay the Department of Public Health (Public Health) \$7,669,814 over approximately 22 years from April 1, 2024 through January 31, 2046;
- Approve a Purchase and Sale Agreement between the City and Baker Places in which the City would purchase property owned by Baker Places located at 333 7<sup>th</sup> Street for a purchase price of \$3,000,000, and authorize the Director of Property to accept the property on behalf of the Department of Public Health; and
- Approve the Planning Department's determination under the California Environmental Quality Act (CEQA) and conformance of the Purchase and Sale Agreement to the City's General Plan.

#### **Debt Owed by Baker Places/Positive Resource Center to Department of Public Health**

The Department of Public Health calculated that Positive Resource Center/Baker Places owes the Department \$7,850,815. This amount includes (a) advances made by Public Health to Baker Places in FY 2021-22 and FY 2022-23 that were not repaid and (b) findings from a compliance audit in FY 2015-16.

#### **Repayment Agreement**

The proposed Repayment Agreement is for a term of nearly 22 years from April 2024 through January 2046 and provides for Baker Places to pay the debt owed to the Department of Public Health through transfer of ownership of 333 7<sup>th</sup> Street to the City and through monthly cash payments.

#### *333 7<sup>th</sup> Street Transfer*

Baker Places and the City entered into a Letter of Intent in July 2023 to transfer 333 7<sup>th</sup> Street to the City. The City's payment of \$3 million for 333 7<sup>th</sup> Street would be credited against the outstanding debt of \$7,850,715, reducing the balance to \$4,850,715.

#### *Debt Payment*

According to the Department of Public Health, Baker Places made debt payments of \$180,900 between July 2023 and March 2024, reducing the debt balance from \$4,850,715 to \$4,669,815. The Repayment Agreement provides for Baker Places to make monthly debt payments of \$20,100.

for 262 months between April 2024 and January 2046. Interest would accrue on the unpaid balance at an annual rate of 1.12 percent.<sup>2</sup>

### *Other Terms*

Other major Repayment Agreement terms include:

- Baker Places may accelerate debt repayment without renegotiating the terms of the Agreement. If Baker Places' available unrestricted cash exceeds the six-month operating reserve target each year as of August 31, fifty percent of the excess cash will be applied toward debt repayment.
- Advance payments made by Public Health to Baker Places under existing or future contracts will be eliminated.
- Two properties owned by Baker Places – Robertson Place at 921-923 Lincoln Way and San Jose Place at 673 San Jose Avenue – serve as collateral for the debt repayment. The existing mortgages on these two properties are due to terminate in June 2024, and at termination, Baker Places is to record deed restrictions to assign the City as the first lien on each property.

### **Purchase & Sale Agreement**

The Purchase & Sale Agreement provides for the City to acquire the property at 333 7<sup>th</sup> Street, which consists of a 7,600 square foot, two-story building. The property is licensed by the State of California as a 16-bed residential care facility. Baker Places previously operated the facility as the Jo Ruffin residential care under a contract with the Department of Public Health, but the facility is currently closed.

The City is purchasing the property “as is” for a purchase price of \$3 million. The appraised fair market value in the existing condition, which the appraisal report defines as fair-to-average, is consistent with the purchase price of \$3 million.

According to discussions with Department of Public Health staff, the Department would contract with a private provider to operate the residential care facility.

### *Repayment Agreement and Purchase & Sale Agreement*

According to the Purchase & Sale Agreement, the City would pay Positive Resource Center/Baker Places \$3 million at the close of sale. According to the Repayment Agreement, upon closing of the 333 7<sup>th</sup> Street sale, the City will credit the sale proceeds against the debt owed by Positive Resource Center/Baker Places to the City.

### *Property Condition Assessment*

The Department of Public Works conducted a general condition assessment of 333 7<sup>th</sup> Street in February 2023. According to the assessment report, the building would require major renovation.

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<sup>2</sup> Monthly payments of \$20,100 over 262 months, totaling \$5,266,500, would equal principal of \$4,669,715 and interest of \$596,377.

According to Department of Public Health facilities staff, the estimated costs to make necessary repairs to 333 7<sup>th</sup> Street would be \$6.97 million. Of this amount, \$5.8 million is for installation of an elevator to the second floor and bathroom renovations. The balance is for roof repairs, window repairs, painting, and other work. According to Drew Murrell, Public Health Controller, one-time general fund allocations for residential treatment beds would be used for the costs of repairs.

## FISCAL IMPACT

### Repayment Agreement

The Repayment Agreement provides for Positive Resource Center/Baker Places to repay \$4,669,815 over 262 months. The unpaid balance accrues interest of 1.12 percent annually. Payments are \$20,100 per month or \$241,200 per year. According to the audited financial statement for Baker Places for FY 2020-21, the most recent year in which an audited financial statement was available, more than 95 percent of Baker Places revenues come from its contracts with the Department of Public Health. In FY 2021-22, the audited financial statements for Positive Resource Center and Baker Places were consolidated. According to the FY 2021-22 consolidated financial statement, Positive Resource Center/Baker Places reported approximately 23 percent of revenues from sources other than Department of Public Health contracts.

According to discussions with Department of Public Health staff, although City contracts are Baker Places' main revenue source, repayment of the debt to the Department is not included in contract budgets. The Department's contracts have two forms of payment: cost reimbursement and fee-for-service. Reimbursement of contractor costs is based on detailed pre-approved budgets and do not include debt repayment. Payment of fees for services are based on pre-approved rates for units of service, which are intended to be consistent with rates paid to other contractors for comparable services. According to Department staff, debt repayment by Baker Places to the Department of Public Health will need to be sourced from non-City revenues or from cost savings in fee-for-service contracts.

### Purchase and Sale Agreement

The appraised fair market value for 333 7<sup>th</sup> Street of \$3 million is based on the building's existing condition, deemed by the appraisal report to be fair to average. Estimated costs of required repairs are \$6.97 million. Therefore, the total cost to the City to purchase 333 7<sup>th</sup> Street from Positive Resource Center/Baker Places would be \$9.97 million. Of this amount \$3 million would be a credit against the debt owed by Baker Places to the Department of Public Health and \$6.97 million would be General Fund.

### *Costs to Acquire 333 7<sup>th</sup> Street*

The cost to the City of \$9.97 million to acquire and renovate 333 7<sup>th</sup> Street equals \$1,312 per square foot. The cost of \$1,312 per square foot for acquisition and renovation of 333 7<sup>th</sup> Street is approximately 25 percent more than the \$1,053 cost for per square foot for acquisition and renovation of the 9-bed residential facility at 2153-2157 Grove Street and approximately 40 percent less than the \$2,214 cost per square foot for acquisition and renovation of 822 Geary

Boulevard. According to the Department of Public Health staff, renovation and use of 822 Geary Boulevard differs from 333 7<sup>th</sup> Street in that 822 Geary Boulevard provides acute diversion beds for limited stay and has a broader scope of renovation than 333 7<sup>th</sup> Street, which provides residential care for longer stays and for which the major renovation cost is installation of an elevator.

Although the total estimated cost for purchase and renovation of 333 7<sup>th</sup> Street is \$9.97 million, we recommend approval of the Purchase and Sale Agreement because it meets the Department's objectives of preserving residential care beds and providing debt repayment.

## **POLICY CONSIDERATION**

### **Financial Sustainability Plan**

According to the February 2023 Financial Sustainability Plan prepared by Community Visions, Baker Places showed financial deficits beginning in 2011. The Plan identified insufficient Department of Public Health contract funding to cover indirect costs and lack of financial staff and systems as sources of the financial deficit. Baker Places' FY 2020-21 audited financial statement identified specific internal control weaknesses contributing to the financial deficit, including insufficient practices for payroll and journal entries and insufficient segregation of duties. Baker Places' deficit as of June 30, 2021 was \$6.6 million.<sup>3</sup>

The Plan's objectives include: (1) residential programs will be scaled to streamline operations and focus on well-utilized programs; (2) operating reserves will be set at 30 days, increasing to 60 days; (3) overhead and administrative expenses will be reduced; (4) a process to reduce outstanding debt will be developed; and (5) processes to address financial audit findings will be developed.

#### *Residential Programs*

Four residential programs funded under the existing contracts between the Department of Public Health and Baker Places have been transferred or are not currently operating. Two programs – Acceptance Place and Jo Healey – were transferred to HealthRight 360. Two other programs are not operating. Jo Ruffin was previously operated at 333 7<sup>th</sup> Street and as noted above, is not currently operating. According to Department of Public Health staff, on purchase of 333 7<sup>th</sup> Street by the City, the Department will seek another provider for residential care services to replace Jo Ruffin. Grove Street House ceased operations in FY 2021-22 for renovation and reopening has been delayed due to delays in hiring staff.

#### *Other Financial Sustainability Plan Recommendations*

The Financial Sustainability Plan recommends other actions to ensure ongoing financial sustainability. Recommendations include:

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<sup>3</sup> Two audited financial statements were submitted in FY 2020-21: a financial statement specific to Baker Places and a consolidated financial statement for Positive Resource Center/Baker Places. In FY 2021-22, only a consolidated financial statement for Positive Resource Center/Baker Places was submitted.

- Renegotiating contracts to fully provide for the direct cost of services, including the costs of wage increases negotiated with unions. According to the Plan, Baker Places direct costs exceed contract budgets by \$1.2 million.
- Allocating costs for buildings, information systems, and administrative staff time to programs based on actual costs attributable to these programs.
- Applying fees paid by clients (approximately \$326,000 in FY 2021-22) to a capital reserve to ensure funds for maintenance of facilities.
- Hiring a position to oversee real estate and asset management.

The Financial Services Plan also recommends that Positive Resource Center and Baker Places complete the merger of the two organizations to streamline banking, accounting, asset management, and other financial activities.

Our review of the financial plan for FY 2023-24 shows that revenues, especially from City contracts, would need to increase by 5 percent to fully fund direct costs for services and indirect costs.

### **Positive Resource Center/Baker Places Properties**

The Positive Resource Center/Baker Places owns nine program sites, six of which were purchased or renovated with government financing.<sup>4</sup> Two properties owned by Positive Resource Center/Baker Places have outstanding City loans.

- 214 Dolores Street, an 8-bed residential facility, was purchased in 2001 with a \$1,122,520 loan from the former Redevelopment Agency, funded by federal Housing Opportunities for People With AIDS (HOPWA) funds. The loan restricts use of the facility to individuals living with HIV/AIDS. The loan accrues simple interest of 3 percent per year. Loan payments are deferred unless the project generates surplus cash; all surplus cash generated in the year are applied to loan payments. The current loan balance is \$1,082,209 (in the 21 years since Baker Places obtained the loan, Baker Places has paid \$40,311 in principal). Outstanding principal and interest are due when the loan matures in 2051.<sup>5</sup>
- 2153-2157 Grove Street, a 9-bed residential facility was purchased in 2020 with a \$3,940,000 loan from the Mayor's Office of Housing and Community Development, funded by the Small Sites Program. The loan accrues simple interest of 3 percent per year. Loan payments are deferred. Outstanding principal and interest are due when the loan matures in 2050.

According to the Financial Sustainability Plan, the nine program sites owned by Positive Resource Center/Baker Places have long-term capital needs for which a revenue source has not been

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<sup>4</sup> Positive Resource Center/Baker Places also leases administrative offices at 190 9<sup>th</sup> Street. According to the Department of Public Health staff, Positive Resource Center/Baker Places negotiated a rent reduction for the administrative office lease.

<sup>5</sup> In addition, Baker Places received a \$300,000 forgivable loan for 214 Dolores Street from the Redevelopment Agency to pay predevelopment costs.

identified. The Plan also notes that Positive Resource Center/Baker Places needs to develop real estate and asset management capacity to effectively manage its residential properties. Because Positive Resource Center/Baker Places have insufficient real estate and asset management capacity and lack revenue sources for long-term capital needs, we recommend that the Board of Supervisor request a plan from the Mayor's Office of Housing and Community Development and the Department of Public Health for the City to assume ownership of 214 Dolores Street and 2153-2157 Grove Street and place these properties under the jurisdiction of the Department of Public Health. The Department could lease the properties to Positive Resource Center/Baker Places to provide residential services. This would allow Positive Resource Center/Baker Places to direct its resources to providing services to clients, ensure preservation of residential beds, and provide the Department of Public Health flexibility to contract with another service provider if Positive Resource Center/Baker Places were unable to continue providing services.

### RECOMMENDATIONS

1. Approve the proposed resolution.
2. Request a plan from the Mayor's Office of Housing and Community Development and the Department of Public Health by September 30, 2024, for the City to assume ownership of 214 Dolores Street and 2153-2157 Grove Street and place these properties under the jurisdiction of the Department of Public Health.

Program	Contract Amount *	Expiration	Beds	Ownership	Leased
Hummingbird Potrero	\$27,233,566	Jun 30, 2026	43	City	
Hummingbird Valencia	\$9,540,278	Jun 30, 2024	30		Leased
Ferguson Place	\$7,191,630	Dec 31, 2024	12	Baker Places	
Programs - Multiple Sites	\$120,789,738	Jun 30, 2027			
Assisted Independent Living			69		Scattered Sites
Odyssey House			10	Baker Places	
Baker Street House			16	Baker Places	
Robertson Place			12	Baker Places	
San Jose Place			11	Baker Places	
<b>Total</b>	<b>\$164,755,212</b>		<b>203</b>		

Source: Department of Public Health Contracts with Baker Places

\* The contract for Baker Places Programs (multiple sites) is for \$120.8 million over 8.5 years. The total contract amount originally included two programs transferred from Baker Places to HealthRight 360 (Acceptance Place (10 beds) and Jo Healey (12 beds)) and two programs not currently operating (Jo Ruffin (16 beds) and Grove Street House (9 beds)).



**Repayment Agreement between the City and County of San Francisco and  
Baker Places, Inc.**

This Repayment Agreement (“Agreement”) is made as of April 1, 2024 (“Effective Date”), in the City and County of San Francisco (“City”), State of California (“Agreement”), by and between the City, acting through its Department of Public Health (“DPH”), and Baker Places, Inc., a California nonprofit public benefit corporation (“Baker”).

**Recitals**

**WHEREAS**, Baker is a wholly owned subsidiary of PRC, a California nonprofit public benefit corporation formerly known as Positive Resource Center) (“Parent”); and

**WHEREAS**, since January 1, 2019, the City has awarded various contracts (“Active Contracts”) to Baker, the following of which are active as of the Effective Date:

1. **Hummingbird Potrero**, CID No. 1000012788 (“HB Potrero”), January 1, 2019 to June 30, 2026, \$27,233,566;
2. **Hummingbird Valencia**, CID No. 1000017071 (“HB Valencia”), March 1, 2020 to June 30, 2024, \$9,540,278;
3. **Ferguson Place**, CID No. 1000021574 (“Ferguson”), July 1, 2021 to December 31, 2024, \$7,191,630;
4. **Baker Regular**, CID No. 1000009940 (“Baker Regular”), July 1, 2018 to June 30, 2027, \$120,789,738.

**WHEREAS**, DPH’s Office of Compliance and Privacy Affairs performed an audit of Medi-Cal billings during FY 2015-16 (“Audit”) that showed a total repayment obligation owed to the City by Baker of \$1,304,352; and

**WHEREAS**, the City made certain initial payments in FY2021-22 and FY2022-23 to Baker of 25% of eligible annual funding totaling \$9,212,187 on the Active Contracts (“Initial Payments”); and

**WHEREAS**, Baker is obligated to repay to the City the sum of \$6,365,463 in connection with Initial Payments and the sum of \$1,304,352 as set forth in the Audit, for a total repayment obligation of \$7,669,814; and

**WHEREAS**, concurrently herewith, Parent has executed a Parent Guaranty, pursuant to which Parent has guaranteed Baker’s performance and repayment of the Debt (defined below).

**WHEREAS**, Baker is the owner in fee simple of that certain real property located at 333 7<sup>th</sup> Street, San Francisco, California (Block 3754, Lot 031) (“**333 7th**”); and

**WHEREAS**, Baker has offered and the City has accepted Baker’s proposal that it repay the City the Debt on the terms and conditions contained in this Agreement; and

**WHEREAS**, on **XXXXXX**, the San Francisco Board of Supervisors approved the proposed Agreement by Resolution No. **XXXXXXXX**; and

Now, **THEREFORE**, the parties agree as follows:

## **Article 1      Definitions**

The following definitions apply to this Agreement:

1.1      **“Agreement”** means this contract document, and all applicable City Ordinances and Mandatory City Requirements specifically incorporated into this Agreement by reference as provided herein.

1.2      **“Assets”** means the following available Assets and properties owned by Baker and/or Parent, identified as collateral for this Agreement, and based upon which Baker will repay the Debt.

<b>Reference</b>	<b>Address</b>
Robertson Place	921-923 Lincoln Way, San Francisco, CA 94122
San Jose Place	673 San Jose Ave, San Francisco, CA 94110

1.3      **“Baker”** means Baker Places, Inc., a California nonprofit public benefit corporation, located at 170 9<sup>th</sup> Street, San Francisco, CA 94103, and its successors and assigns. Baker is also sometimes referred to herein as “Contractor.”

1.4      **“City”** means the City and County of San Francisco, a municipal corporation, acting by and through its Department of Public Health.

1.5      **“Contracts”** means the Active Contracts, as defined above, and any other service contracts between the City and Baker which may exist from time to time.

1.6      **“Debt” or “DPH Debt”** means \$7,669,814, representing the total amount due and owing from Baker to the City to be repaid under the terms and conditions of this Agreement.

1.7      **“Parent”** means PRC.

## **Article 2      Term**

2.1      **Term.** The term of this Agreement shall commence on April 1, 2024, and expire on January 31, 2046, unless earlier terminated as otherwise provided herein.

## **Article 3      DPH Debt Repayment Plan - Consideration**

3.1      **DPH Debt Audit.** The DPH Debt is **\$7,669,814**, consisting of the following:

<b>DPH Debt</b>	
Initial Payments	<b>\$6,365,463</b>
Audit	<b>\$1,304,352</b>
<b>DPH Debt</b>	<b>\$7,669,814</b>

**3.2 Property Transfer (333 7th Street - \$3,000,000).** Baker and the City have entered into a Letter of Intent, dated as of July 12, 2023, which sets forth general terms and conditions upon which Baker will agree to sell, and the City will agree to purchase, 333 7th (such conveyance, the “**333 7th Sale**”). Baker and the City each agree diligently to pursue the 333 7th Sale in good faith. Upon the consummation of the 333 7th Sale, DPH shall credit the amount of the sale proceeds against the outstanding Debt.

**3.3 Legal Merger/Parent Guaranty.** The Plan calls for a potential legal merger of Parent and Baker (the “Merger”) to simplify operations and create organizational efficiency. Parent will guarantee Baker’s Debt repayment under this Agreement (the form of such guaranty is attached as Appendix A). Following the Merger, if any, all Contracts, including this Agreement, will be novated to the surviving legal entity resulting from the Merger.

**3.4 DPH Debt Repayment Schedule.** Baker will repay the City the DPH Debt balance due at the rate of \$20,100 monthly over the Term of this Agreement, which amount includes 1.12% per annum interest, until such time as there is no outstanding balance of the Debt in accordance with the terms of the Repayment Schedule attached hereto as Appendix B. Baker may, in its sole discretion, pay additional amounts above such minimum from time to time, without any prepayment penalty. The schedule includes a DPH Debt drawdown of \$3,000,000 in FY2023-24 concurrent with and contingent upon the transfer of the 333 7th Street title to the City. The repayment schedule may be accelerated without modification of this Agreement in accordance with Section 3.6 (Annual Assessment of Available Funds) below. Any payment delay may be resolved pursuant to Section 6.2 (Termination for Default; Remedies), below.

**3.5 Initial Payments.** The Parties agree to the elimination of initial payments by the City to Baker on all contracts awarded by the City, either currently in place or in the future.

**3.6 Annual Assessment of Available Funds.** Baker will complete an annual assessment, by August 31 each year, of available unrestricted cash compared to its six-month operating reserve target. If the available unrestricted cash exceeds the six-month operating reserve target, Baker will pay 50% of the cash in excess of the six-month operating reserve target as a supplemental payment toward the DPH Debt, which shall be in addition to the monthly minimum payments provided for in Paragraph 3.4 above. The first annual assessment is due by August 31, 2024. In the event that Baker fails timely to submit an annual assessment, and such failure continues for thirty (30) days following written notice thereof from the City, Baker acknowledges and agrees that the supplemental payment due to DPH for the following year will be \$10,000.

### 3.7 **Non-assignment/Performance Deed of Trust/Declaration of Restrictions.**

Upon repayment of the existing mortgages encumbering the Assets, which shall occur on or before June 30, 2024, Baker shall execute and record against title to each of the Assets a Performance Deed of Trust and Declaration of Restrictions (collectively “PDT”) in favor of the City (in the forms attached as Appendix C). Baker shall cooperate with the City to ensure that the City’s Performance Deeds of Trust are recorded in first lien position. Baker further agrees that it shall not further encumber the Assets before repayment of the existing mortgages. Upon written request by Baker, subject to the condition described in the following sentence, the City agrees to cause the release of such PDT from one of the Assets (to be chosen by the City). Release of PDT is conditioned on the balance of the outstanding Debt and accrued interest equaling not more than Three Million Dollars (\$3,000,000), after taking into account regular debt payments and the transfer of the 333 7th Street title to the City.

## **Article 4 Insurance**

### 4.1 **Insurance.**

4.1.1 **Required Coverages.** Insurance limits are subject to Risk Management review and revision, as appropriate, as conditions warrant. Without in any way limiting Contractor’s liability pursuant to the “Indemnification” section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(a) Workers’ Compensation, in statutory amounts, with Employers’ Liability Limits not less than \$1,000,000 each accident, injury, or illness; and

(b) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; policy must include Abuse and Molestation coverage.”

(c) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence, “Combined Single Limit” for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

(d) Professional Liability Insurance, applicable to Contractor’s profession, with limits not less than \$1,000,000 for each claim with respect to negligent acts, errors or omissions in connection with this Agreement.

(e) Contractor shall maintain in force during the full life of the Agreement Cyber and Privacy Insurance with limits of not less than \$1,000,000 per claim. Such insurance shall include coverage for liability arising from theft, dissemination, and/or use of confidential information, including but not limited to, bank and credit card account information or personal information, such as name, address, social security numbers, protected health information or other personally identifying information, stored or transmitted in any form.

(f) Blanket Fidelity Bond (omitted).

4.1.2 Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

4.1.3 Contractor's Commercial General Liability and Commercial Automobile Liability Insurance policies shall provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

4.1.4 All policies shall be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices shall be sent to the City address set forth in Section 11.1, entitled "Notices to the Parties."

4.1.5 Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

4.1.6 Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

4.1.7 Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Contractor's liability hereunder.

4.1.8 The Workers' Compensation policy(ies) shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.

4.1.9 If Contractor will use any subcontractor(s), Contractor shall require the subcontractor(s) to provide all necessary insurance and to name the City and County of San Francisco, its officers, agents and employees and the Contractor as additional insureds.

4.2 **Indemnification.** Baker shall indemnify and hold harmless City and its officers, agents and employees from, and, if requested, shall defend them from and against any and all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise), including infringement claims, arising from or in any way connected with this Agreement, except where such loss, damage, injury, liability or claim is the result of the sole active negligence or willful misconduct of City.

## **Article 5      Liability of the Parties**

**5.1      Liability of City.** IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

**5.2      Liability for Incidental and Consequential Damages.** Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions related to this Agreement.

## **Article 6      Termination and Default**

**6.1      Automatic Termination.** In the event that the City agrees that Baker has satisfied repayment of the Debt before expiration of the Repayment Agreement, then Baker's obligations under the Repayment Agreement shall be deemed satisfied. In that event, the Repayment Agreement and Parent Guaranty shall automatically terminate. The City and Baker shall take all steps necessary to release any remaining Performance Deeds of Trust and Declarations of Restrictions from Assets.

**6.2      Termination for Convenience.** In the event that the circumstances surrounding this Agreement materially change such that the purpose of this Agreement has been frustrated or the continued performance hereunder by one or both parties becomes impossible, as determined by the City acting in its reasonable discretion, City shall have the option to terminate this Agreement. City shall exercise this option by giving Baker written notice of termination. The notice shall specify the date on which termination shall become effective, which shall be at least 180 days after the date of the notice. In the event that the City terminates this Agreement for convenience, the Debt becomes immediately due and payable. In that event the City reserves its rights, acting in its sole discretion, to exercise all rights and remedies available in equity and at law to pursue recovery of all outstanding DPH debt.

### **6.3      Termination for Default; Remedies.**

**6.3.1** The City may terminate this Agreement for Default in the event that Baker fails or refuses to perform or observe any term, covenant or condition contained in this Agreement, including any obligation imposed by ordinance or statute and incorporated by reference herein, and such default is not cured within one hundred eighty (180) days after written notice thereof from City to Baker ("Event of Default").

**6.3.2** In the event that Baker fails to cure the Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to enforce the Parent Guaranty against Parent. In the event that the City enforces the Parent Guaranty, Parent shall have ninety (90) days to cure the default.

**6.4      Voluntary Debarment.** Should both Baker and Parent fail timely to achieve a cure of the Event of Default, the City shall have the right, in its sole discretion, in addition to the other

remedies set forth herein, to terminate any and all outstanding Contracts between the City and Baker, and to debar Baker from entering future Contracts with the City for a period of up to three (3) years. In the event that the City elects debarment, Baker agrees to a waiver of an evidentiary hearing and a voluntary debarment for such period commencing on the date determined by the City, acting in its sole discretion.

**6.5 Default Transition.** In the event of Voluntary Debarment, the City will provide Baker a 180-day termination letter for each Contract. The City will reasonably cooperate with Baker to cause such terminations to become effective on a staggered basis so as to minimize the disruption of services to Baker's clients. Within 30 days of each termination letter, the City and Baker will create a client transition plan. Within six months of each termination letter, the City and Baker will enact the patient transition plan with all clients successfully transferred within six months of the date of each termination letter. If, notwithstanding Baker's good faith efforts to carry out the transition plan for each Contract, the reasonable transition of client services requires Baker to provide services to its clients following the termination of the applicable Contract, Baker and DPH will enter an agreement, subject to appropriate City contracting authority, providing for the compensation of Baker for such services during the transition, and the parties will use reasonable diligence to complete the transition of services as quickly as practicable.

**6.6 Enforcement of the Performance Deed of Trust.** Following any Event of Default including Parent's failure to cure, and/or after a Voluntary Debarment, the City may exercise its option, acting in its sole discretion, to exercise its rights under any then-outstanding recorded Performance Deed(s) of Trust.

## **Article 7 Release**

**7.1 Baker's Release.** Upon full execution of this Agreement, in consideration of the City's acceptance of a 23-year repayment plan at 1.12% interest for the DPH Debt, in lieu of a Controller Offset under San Francisco Administrative Code Sections 10.27.1, *et seq.*, Baker agrees to fully and forever release and discharge City and its boards, commissions, officers, directors, employees and agents, from all actions, causes of action, damages and claims that arise from the DPH Debt and/or this Agreement.

## **Article 8 General Terms**

**8.1 California Civil Code § 1542 Waiver.** Baker certifies that it has read Section 1542 of the California Civil Code, which provides:

“A general release does not extend to claims which the creditor does not know or suspect 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.”

As to the matters released in this Agreement, Baker specifically waives any benefit or right under California Civil Code Section 1542 and assumes all risks of claims, known or unknown, heretofore or hereafter, arising from this waiver.

8.2 **Notices.** Any notices or communications sent under or pertaining to this Agreement shall be in writing, addressed to the recipient at its address below, and sent (1) via FedEx or other overnight courier, (2) via trackable mail, or (3) via hand delivery. Notices shall be effective upon receipt or upon confirmation of delivery by one of the foregoing methods. Either party may agree, from time to time, to accept notices via email or facsimile. Either party may update its address for notices by written notice, delivered to the other party in accordance with this paragraph.

To City: 101 Grove, Room 316 (DPH Director's Office), San Francisco, CA 94102, Attn: Drew Murrell

To Baker: 170 9<sup>th</sup> Street, San Francisco, CA 94103, Attn: Chuan Teng

8.3 **Entire Agreement.** Baker acknowledges that this Agreement, including all Appendices, contains and constitutes the entire agreement between the City and Baker. The terms of this Agreement are contractual and not a mere recital.

8.4 **Severability.** If any of the provisions of this Agreement or the application thereof is held to be invalid, its invalidity shall not affect any other provision or application of this Full and Final Release to the extent that such other provision or application can be given effect without the invalid provision or application, and to this end, the provisions of this Full and Final Release are declared and understood to be severable.

8.5 **Legal Fees.** The City and Baker each shall bear its own legal expenses and costs incurred in connection with this Agreement and the DPH Debt.

8.6 **Fully Negotiated.** This Agreement has been fully negotiated with the assistance of counsel and should not be construed more strictly against one Party than another.

8.7 **Agreement Made in California; Venue; Enforceability.** The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

8.8 **Compliance with Laws.** Baker shall keep itself fully informed of the City's Charter, codes, ordinances and duly adopted rules and regulations of the City and of all state, and federal laws in any manner applicable to Baker's performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

8.9 **Third Party Beneficiaries.** No third parties are intended by the Parties hereto to be third party beneficiaries under this Agreement, and no action to enforce the terms of this Agreement may be brought against either Party by any person who is not a Party hereto.

8.10 **Counterparts.** This Agreement may be signed in counterparts, including electronic signatures.

**SIGNATURES ON NEXT PAGE**



**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed and attested by their proper officers thereunder duly as follows:

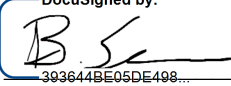
City and County of San Francisco

Dated: \_\_\_\_\_

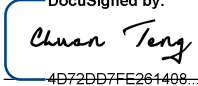
By: \_\_\_\_\_  
Grant Colfax, M.D.  
Its: Director of Health

Baker Places, Inc.

Dated: 03/05/2024 | 11:21 AM PST  
\_\_\_\_\_

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By: \_\_\_\_\_  
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Brian Schneider  
Its: Board President

Dated: 03/05/2024 | 11:57 AM PST  
\_\_\_\_\_

DocuSigned by:  
  
By: \_\_\_\_\_  
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Chuan Teng  
Its: Chief Executive Officer

**APPROVED AS TO FORM:**

DAVID CHIU  
City Attorney

Dated: \_\_\_\_\_

\_\_\_\_\_  
LOUISE S. SIMPSON  
Deputy City Attorney  
Attorneys for City and County of San Francisco

**Appendix A – Parent Guaranty**  
**Appendix B – Repayment Schedule**  
**Appendix C – Performance Deed of Trust and Declaration of Restrictions**  
**Appendix D – Secured Promissory Note**

## **Appendix A**

### **PARENT GUARANTY**

#### **BACKGROUND**

This Parent Guaranty (“Guaranty”) is made as of April 1, 2024 (“Effective Date”), in the City and County of San Francisco (“City”), State of California (“Repayment Agreement”), by and between the City, acting through its Department of Public Health (“DPH”), and PRC, a California nonprofit public benefit corporation formerly known as Positive Resource Center) (“Parent”).

#### **Recitals**

**WHEREAS**, Baker Places, Inc., a California nonprofit public benefit corporation (“Baker”) is a wholly owned subsidiary of Parent; and

**WHEREAS**, DPH’s Office of Compliance and Privacy Affairs performed an audit of Medi-Cal billings during FY 2015-16 (“Audit”) that showed a total repayment obligation owed to the City by Baker of \$1,304,352; and

**WHEREAS**, the City made certain initial payments in FY2021-22 and FY2022-23 to Baker of 25% of eligible annual funding totaling \$9,212,287 on the Active Contracts (“Initial Payments”); and

**WHEREAS**, Baker is obligated to repay to the City the sum of \$6,546,363 in connection with Initial Payments and the sum of \$1,304,352 as set forth in the Audit, for a total repayment obligation of \$7,669,814 (“Debt”); and

**WHEREAS**, Baker has agreed to repay the Debt under the terms of a Repayment Agreement, dated April 1, 2024 (attached hereto), and approved by the San Francisco Board of Supervisors by Resolution no. XXXXX, dated XXXXXXXX (attached hereto); and

**WHEREAS**, the City has requested that Parent provide a guaranty of performance of Baker’s obligations under the Repayment Agreement and Parent has agreed to provide the guaranty on the terms and conditions set forth in this Parent Guaranty (“Guaranty”).

Accordingly, Parent and the City agree as follows:

#### **GUARANTY**

1. Subject to all of the terms of this Guaranty, Parent hereby unconditionally guarantees to the City, by way of an independent undertaking towards the City, the performance by Baker of its obligations and liabilities under the Repayment Agreement (the “Obligations”). If Baker is in default of its performance of the Obligations and fails to cure such default within the period allowed for cure under the Repayment Agreement, then the City will provide prompt written notice of any such default of Baker for which the City is seeking Parent’s payment or performance in accordance with the Repayment Agreement.

2. Parent's obligations hereunder will be subject to the City providing Parent with such notice. Parent will cure or cause to be cured such default within the period allowed for cure under the Repayment Agreement after receipt by Parent of written notice thereof specifying the nature of such default.

3. This Guaranty is valid and will remain in full force for the entire term of the Repayment Agreement, as may be extended by any formal amendment (to the extent such formal amendment also explicitly extends this Guaranty) ("Term"). Upon fulfillment of the Repayment Agreement and/or the City's enforcement of the any remaining Performance Deed(s) of Trust, this Guaranty shall automatically terminate.

4. Notwithstanding anything to the contrary elsewhere in this Guaranty, (i) any remedies, defenses and rights available to Baker towards the City (which include, without limitation, any and all disclaimers, exclusive remedies and limitations of liability in the Repayment Agreement) will be available to Parent should Parent be required by the City to perform or discharge any of the Obligations; (ii) Parent will be entitled to at any time assert any and all defenses and claims available to Baker under the terms of the Repayment Agreement; and (iii) in no event will Parent's liability under this Guaranty exceed the amounts set forth in the Repayment Agreement as limitations on the liability of Baker thereunder, nor will the collective liability of Parent and Baker under this Guaranty and the Repayment Agreement exceed the limitations of liability set forth in the Repayment Agreement.

5. **Voluntary Debarment.** Should both Baker and Parent fail timely to achieve a cure of the Event of Default (as defined in the Repayment Agreement), the City shall have the right, in its sole discretion, in addition to the other remedies set forth herein, to terminate any and all outstanding Contracts between the City and Parent, and to debar Parent from entering future Contracts with the City for a period of up to three (3) years. In the event that the City elects debarment, Parent agrees to a waiver of an evidentiary hearing and a voluntary debarment for such period commencing on the date determined by the City, acting in its sole discretion.

6. Parent represents and warrants to the City that:

a. it has been duly incorporated as a company under the laws of California and is validly existing and has all necessary corporate power and authority to enter into and deliver this Guaranty and to perform its obligations hereunder;

b. all necessary corporate action has been taken by it to authorize the execution, delivery and performance of this Guaranty and to observe and perform its obligations under this Guaranty; and

c. this Guaranty constitutes a legal, valid and binding contractual obligation of Parent.

7. Subject to Section 2 above, Parent agrees that it will not be released from this Guaranty by any act or omission of Baker whereby (in absence of this provision) Parent would or might be released, including, whether or not known to Parent:

a. any alteration in the obligations undertaken by Baker pursuant to the terms

of the Repayment Agreement;

b. any legal limitation, disability, incapacity or other circumstances relating to Baker or any other person; or

c. the dissolution, amalgamation, reconstruction, reorganization, change in status, function, control or ownership, insolvency, liquidation or the appointment of an administrator or receiver of Baker or any other person,

d. provided that nothing in this paragraph 6 will create any greater obligation of Parent than the Obligation which Baker has failed to complete.

8. The provisions of this Guaranty will be considered as severable, so that the invalidity or unenforceability of any provisions will not affect the validity or enforceability of the remaining provisions and any invalid or unenforceable provision will be enforced to the maximum extent possible; provided that no such severability will be effective if it materially changes the benefit of this Guaranty to either party.

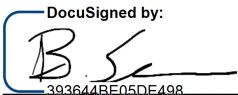
9. This Guaranty is the entire agreement between the parties with regard to the Obligations and supersedes and incorporates all prior or contemporaneous representations, understandings or Repayment Agreements. This Guaranty may not be modified or amended except by a Repayment Agreement in writing signed between the parties hereto. Each party represents that the individual signing below on behalf of the party has the authorization to bind the party indicated to this Guaranty. This Guaranty may be executed in one or more counterparts, at the same or different times and places, with signatures provided on paper, by facsimile or electronically.

10. The validity, construction and enforcement of this Guaranty governed by California law with venue in San Francisco.

[SIGNATURES ON NEXT PAGE]

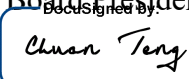
PRC

Dated: 03/05/2024 | 11:21 AM PST

DocuSigned by:  
By:   
393644BE05DE498...  
Brian Schneider

Its: Board President

Dated: 03/05/2024 | 11:57 AM PST

DocuSigned by:  
By:   
4D72DD7FE261408...  
Chuan Teng  
Its: Chief Executive Officer

**Debt Payment Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
1	Apr-24	\$ 4,669,814	\$ 4,358	\$ 20,100	\$ 4,654,073	N
2	May-24	\$ 4,654,073	\$ 4,344	\$ 20,100	\$ 4,638,317	N
3	Jun-24	\$ 4,638,317	\$ 4,329	\$ 20,100	\$ 4,622,546	N
4	Jul-24	\$ 4,622,546	\$ 4,314	\$ 20,100	\$ 4,606,760	N
5	Aug-24	\$ 4,606,760	\$ 4,300	\$ 20,100	\$ 4,590,960	N
6	Sep-24	\$ 4,590,960	\$ 4,285	\$ 20,100	\$ 4,575,145	N
7	Oct-24	\$ 4,575,145	\$ 4,270	\$ 20,100	\$ 4,559,315	N
8	Nov-24	\$ 4,559,315	\$ 4,255	\$ 20,100	\$ 4,543,470	N
9	Dec-24	\$ 4,543,470	\$ 4,241	\$ 20,100	\$ 4,527,611	N
10	Jan-25	\$ 4,527,611	\$ 4,226	\$ 20,100	\$ 4,511,736	N
11	Feb-25	\$ 4,511,736	\$ 4,211	\$ 20,100	\$ 4,495,847	N
12	Mar-25	\$ 4,495,847	\$ 4,196	\$ 20,100	\$ 4,479,943	N
13	Apr-25	\$ 4,479,943	\$ 4,181	\$ 20,100	\$ 4,464,025	N
14	May-25	\$ 4,464,025	\$ 4,166	\$ 20,100	\$ 4,448,091	N
15	Jun-25	\$ 4,448,091	\$ 4,152	\$ 20,100	\$ 4,432,143	N
16	Jul-25	\$ 4,432,143	\$ 4,137	\$ 20,100	\$ 4,416,179	N
17	Aug-25	\$ 4,416,179	\$ 4,122	\$ 20,100	\$ 4,400,201	N
18	Sep-25	\$ 4,400,201	\$ 4,107	\$ 20,100	\$ 4,384,208	N
19	Oct-25	\$ 4,384,208	\$ 4,092	\$ 20,100	\$ 4,368,200	N
20	Nov-25	\$ 4,368,200	\$ 4,077	\$ 20,100	\$ 4,352,177	N
21	Dec-25	\$ 4,352,177	\$ 4,062	\$ 20,100	\$ 4,336,139	N
22	Jan-26	\$ 4,336,139	\$ 4,047	\$ 20,100	\$ 4,320,086	N
23	Feb-26	\$ 4,320,086	\$ 4,032	\$ 20,100	\$ 4,304,018	N
24	Mar-26	\$ 4,304,018	\$ 4,017	\$ 20,100	\$ 4,287,935	N
25	Apr-26	\$ 4,287,935	\$ 4,002	\$ 20,100	\$ 4,271,837	N
26	May-26	\$ 4,271,837	\$ 3,987	\$ 20,100	\$ 4,255,724	N
27	Jun-26	\$ 4,255,724	\$ 3,972	\$ 20,100	\$ 4,239,596	N
28	Jul-26	\$ 4,239,596	\$ 3,957	\$ 20,100	\$ 4,223,453	N
29	Aug-26	\$ 4,223,453	\$ 3,942	\$ 20,100	\$ 4,207,295	N
30	Sep-26	\$ 4,207,295	\$ 3,927	\$ 20,100	\$ 4,191,122	N
31	Oct-26	\$ 4,191,122	\$ 3,912	\$ 20,100	\$ 4,174,934	N
32	Nov-26	\$ 4,174,934	\$ 3,897	\$ 20,100	\$ 4,158,730	N
33	Dec-26	\$ 4,158,730	\$ 3,881	\$ 20,100	\$ 4,142,512	N
34	Jan-27	\$ 4,142,512	\$ 3,866	\$ 20,100	\$ 4,126,278	N
35	Feb-27	\$ 4,126,278	\$ 3,851	\$ 20,100	\$ 4,110,029	N
36	Mar-27	\$ 4,110,029	\$ 3,836	\$ 20,100	\$ 4,093,765	N
37	Apr-27	\$ 4,093,765	\$ 3,821	\$ 20,100	\$ 4,077,486	N
38	May-27	\$ 4,077,486	\$ 3,806	\$ 20,100	\$ 4,061,192	N
39	Jun-27	\$ 4,061,192	\$ 3,790	\$ 20,100	\$ 4,044,882	N
40	Jul-27	\$ 4,044,882	\$ 3,775	\$ 20,100	\$ 4,028,557	N
41	Aug-27	\$ 4,028,557	\$ 3,760	\$ 20,100	\$ 4,012,217	N
42	Sep-27	\$ 4,012,217	\$ 3,745	\$ 20,100	\$ 3,995,862	N
43	Oct-27	\$ 3,995,862	\$ 3,729	\$ 20,100	\$ 3,979,492	N

**Debt Payment Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
44	Nov-27	\$ 3,979,492	\$ 3,714	\$ 20,100	\$ 3,963,106	N
45	Dec-27	\$ 3,963,106	\$ 3,699	\$ 20,100	\$ 3,946,705	N
46	Jan-28	\$ 3,946,705	\$ 3,684	\$ 20,100	\$ 3,930,288	N
47	Feb-28	\$ 3,930,288	\$ 3,668	\$ 20,100	\$ 3,913,857	N
48	Mar-28	\$ 3,913,857	\$ 3,653	\$ 20,100	\$ 3,897,410	N
49	Apr-28	\$ 3,897,410	\$ 3,638	\$ 20,100	\$ 3,880,947	N
50	May-28	\$ 3,880,947	\$ 3,622	\$ 20,100	\$ 3,864,469	N
51	Jun-28	\$ 3,864,469	\$ 3,607	\$ 20,100	\$ 3,847,976	N
52	Jul-28	\$ 3,847,976	\$ 3,591	\$ 20,100	\$ 3,831,468	N
53	Aug-28	\$ 3,831,468	\$ 3,576	\$ 20,100	\$ 3,814,944	N
54	Sep-28	\$ 3,814,944	\$ 3,561	\$ 20,100	\$ 3,798,404	N
55	Oct-28	\$ 3,798,404	\$ 3,545	\$ 20,100	\$ 3,781,849	N
56	Nov-28	\$ 3,781,849	\$ 3,530	\$ 20,100	\$ 3,765,279	N
57	Dec-28	\$ 3,765,279	\$ 3,514	\$ 20,100	\$ 3,748,693	N
58	Jan-29	\$ 3,748,693	\$ 3,499	\$ 20,100	\$ 3,732,092	N
59	Feb-29	\$ 3,732,092	\$ 3,483	\$ 20,100	\$ 3,715,476	N
60	Mar-29	\$ 3,715,476	\$ 3,468	\$ 20,100	\$ 3,698,843	N
61	Apr-29	\$ 3,698,843	\$ 3,452	\$ 20,100	\$ 3,682,196	N
62	May-29	\$ 3,682,196	\$ 3,437	\$ 20,100	\$ 3,665,532	N
63	Jun-29	\$ 3,665,532	\$ 3,421	\$ 20,100	\$ 3,648,853	N
64	Jul-29	\$ 3,648,853	\$ 3,406	\$ 20,100	\$ 3,632,159	N
65	Aug-29	\$ 3,632,159	\$ 3,390	\$ 20,100	\$ 3,615,449	N
66	Sep-29	\$ 3,615,449	\$ 3,374	\$ 20,100	\$ 3,598,723	N
67	Oct-29	\$ 3,598,723	\$ 3,359	\$ 20,100	\$ 3,581,982	N
68	Nov-29	\$ 3,581,982	\$ 3,343	\$ 20,100	\$ 3,565,225	N
69	Dec-29	\$ 3,565,225	\$ 3,328	\$ 20,100	\$ 3,548,453	N
70	Jan-30	\$ 3,548,453	\$ 3,312	\$ 20,100	\$ 3,531,665	N
71	Feb-30	\$ 3,531,665	\$ 3,296	\$ 20,100	\$ 3,514,861	N
72	Mar-30	\$ 3,514,861	\$ 3,281	\$ 20,100	\$ 3,498,042	N
73	Apr-30	\$ 3,498,042	\$ 3,265	\$ 20,100	\$ 3,481,206	N
74	May-30	\$ 3,481,206	\$ 3,249	\$ 20,100	\$ 3,464,356	N
75	Jun-30	\$ 3,464,356	\$ 3,233	\$ 20,100	\$ 3,447,489	N
76	Jul-30	\$ 3,447,489	\$ 3,218	\$ 20,100	\$ 3,430,607	N
77	Aug-30	\$ 3,430,607	\$ 3,202	\$ 20,100	\$ 3,413,709	N
78	Sep-30	\$ 3,413,709	\$ 3,186	\$ 20,100	\$ 3,396,795	N
79	Oct-30	\$ 3,396,795	\$ 3,170	\$ 20,100	\$ 3,379,865	N
80	Nov-30	\$ 3,379,865	\$ 3,155	\$ 20,100	\$ 3,362,920	N
81	Dec-30	\$ 3,362,920	\$ 3,139	\$ 20,100	\$ 3,345,958	N
82	Jan-31	\$ 3,345,958	\$ 3,123	\$ 20,100	\$ 3,328,981	N
83	Feb-31	\$ 3,328,981	\$ 3,107	\$ 20,100	\$ 3,311,988	N
84	Mar-31	\$ 3,311,988	\$ 3,091	\$ 20,100	\$ 3,294,979	N
85	Apr-31	\$ 3,294,979	\$ 3,075	\$ 20,100	\$ 3,277,955	N
86	May-31	\$ 3,277,955	\$ 3,059	\$ 20,100	\$ 3,260,914	N

**Debt Payment Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
87	Jun-31	\$ 3,260,914	\$ 3,044	\$ 20,100	\$ 3,243,858	N
88	Jul-31	\$ 3,243,858	\$ 3,028	\$ 20,100	\$ 3,226,785	N
89	Aug-31	\$ 3,226,785	\$ 3,012	\$ 20,100	\$ 3,209,697	N
90	Sep-31	\$ 3,209,697	\$ 2,996	\$ 20,100	\$ 3,192,593	N
91	Oct-31	\$ 3,192,593	\$ 2,980	\$ 20,100	\$ 3,175,472	N
92	Nov-31	\$ 3,175,472	\$ 2,964	\$ 20,100	\$ 3,158,336	N
93	Dec-31	\$ 3,158,336	\$ 2,948	\$ 20,100	\$ 3,141,184	N
94	Jan-32	\$ 3,141,184	\$ 2,932	\$ 20,100	\$ 3,124,016	N
95	Feb-32	\$ 3,124,016	\$ 2,916	\$ 20,100	\$ 3,106,831	N
96	Mar-32	\$ 3,106,831	\$ 2,900	\$ 20,100	\$ 3,089,631	N
97	Apr-32	\$ 3,089,631	\$ 2,884	\$ 20,100	\$ 3,072,415	N
98	May-32	\$ 3,072,415	\$ 2,868	\$ 20,100	\$ 3,055,182	N
99	Jun-32	\$ 3,055,182	\$ 2,852	\$ 20,100	\$ 3,037,934	N
100	Jul-32	\$ 3,037,934	\$ 2,835	\$ 20,100	\$ 3,020,669	N
101	Aug-32	\$ 3,020,669	\$ 2,819	\$ 20,100	\$ 3,003,389	N
102	Sep-32	\$ 3,003,389	\$ 2,803	\$ 20,100	\$ 2,986,092	N
103	Oct-32	\$ 2,986,092	\$ 2,787	\$ 20,100	\$ 2,968,779	N
104	Nov-32	\$ 2,968,779	\$ 2,771	\$ 20,100	\$ 2,951,450	N
105	Dec-32	\$ 2,951,450	\$ 2,755	\$ 20,100	\$ 2,934,104	N
106	Jan-33	\$ 2,934,104	\$ 2,738	\$ 20,100	\$ 2,916,743	N
107	Feb-33	\$ 2,916,743	\$ 2,722	\$ 20,100	\$ 2,899,365	N
108	Mar-33	\$ 2,899,365	\$ 2,706	\$ 20,100	\$ 2,881,971	N
109	Apr-33	\$ 2,881,971	\$ 2,690	\$ 20,100	\$ 2,864,561	N
110	May-33	\$ 2,864,561	\$ 2,674	\$ 20,100	\$ 2,847,135	N
111	Jun-33	\$ 2,847,135	\$ 2,657	\$ 20,100	\$ 2,829,692	N
112	Jul-33	\$ 2,829,692	\$ 2,641	\$ 20,100	\$ 2,812,233	N
113	Aug-33	\$ 2,812,233	\$ 2,625	\$ 20,100	\$ 2,794,758	N
114	Sep-33	\$ 2,794,758	\$ 2,608	\$ 20,100	\$ 2,777,266	N
115	Oct-33	\$ 2,777,266	\$ 2,592	\$ 20,100	\$ 2,759,758	N
116	Nov-33	\$ 2,759,758	\$ 2,576	\$ 20,100	\$ 2,742,234	N
117	Dec-33	\$ 2,742,234	\$ 2,559	\$ 20,100	\$ 2,724,694	N
118	Jan-34	\$ 2,724,694	\$ 2,543	\$ 20,100	\$ 2,707,137	N
119	Feb-34	\$ 2,707,137	\$ 2,527	\$ 20,100	\$ 2,689,563	N
120	Mar-34	\$ 2,689,563	\$ 2,510	\$ 20,100	\$ 2,671,974	N
121	Apr-34	\$ 2,671,974	\$ 2,494	\$ 20,100	\$ 2,654,367	N
122	May-34	\$ 2,654,367	\$ 2,477	\$ 20,100	\$ 2,636,745	N
123	Jun-34	\$ 2,636,745	\$ 2,461	\$ 20,100	\$ 2,619,106	N
124	Jul-34	\$ 2,619,106	\$ 2,444	\$ 20,100	\$ 2,601,450	N
125	Aug-34	\$ 2,601,450	\$ 2,428	\$ 20,100	\$ 2,583,778	N
126	Sep-34	\$ 2,583,778	\$ 2,412	\$ 20,100	\$ 2,566,090	N
127	Oct-34	\$ 2,566,090	\$ 2,395	\$ 20,100	\$ 2,548,385	N
128	Nov-34	\$ 2,548,385	\$ 2,378	\$ 20,100	\$ 2,530,663	N
129	Dec-34	\$ 2,530,663	\$ 2,362	\$ 20,100	\$ 2,512,925	N



**Debt Payment Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
130	Jan-35	\$ 2,512,925	\$ 2,345	\$ 20,100	\$ 2,495,171	N
131	Feb-35	\$ 2,495,171	\$ 2,329	\$ 20,100	\$ 2,477,399	N
132	Mar-35	\$ 2,477,399	\$ 2,312	\$ 20,100	\$ 2,459,612	N
133	Apr-35	\$ 2,459,612	\$ 2,296	\$ 20,100	\$ 2,441,807	N
134	May-35	\$ 2,441,807	\$ 2,279	\$ 20,100	\$ 2,423,986	N
135	Jun-35	\$ 2,423,986	\$ 2,262	\$ 20,100	\$ 2,406,149	N
136	Jul-35	\$ 2,406,149	\$ 2,246	\$ 20,100	\$ 2,388,294	N
137	Aug-35	\$ 2,388,294	\$ 2,229	\$ 20,100	\$ 2,370,424	N
138	Sep-35	\$ 2,370,424	\$ 2,212	\$ 20,100	\$ 2,352,536	N
139	Oct-35	\$ 2,352,536	\$ 2,196	\$ 20,100	\$ 2,334,632	N
140	Nov-35	\$ 2,334,632	\$ 2,179	\$ 20,100	\$ 2,316,711	N
141	Dec-35	\$ 2,316,711	\$ 2,162	\$ 20,100	\$ 2,298,773	N
142	Jan-36	\$ 2,298,773	\$ 2,146	\$ 20,100	\$ 2,280,818	N
143	Feb-36	\$ 2,280,818	\$ 2,129	\$ 20,100	\$ 2,262,847	N
144	Mar-36	\$ 2,262,847	\$ 2,112	\$ 20,100	\$ 2,244,859	N
145	Apr-36	\$ 2,244,859	\$ 2,095	\$ 20,100	\$ 2,226,854	N
146	May-36	\$ 2,226,854	\$ 2,078	\$ 20,100	\$ 2,208,833	N
147	Jun-36	\$ 2,208,833	\$ 2,062	\$ 20,100	\$ 2,190,794	N
148	Jul-36	\$ 2,190,794	\$ 2,045	\$ 20,100	\$ 2,172,739	N
149	Aug-36	\$ 2,172,739	\$ 2,028	\$ 20,100	\$ 2,154,667	N
150	Sep-36	\$ 2,154,667	\$ 2,011	\$ 20,100	\$ 2,136,578	N
151	Oct-36	\$ 2,136,578	\$ 1,994	\$ 20,100	\$ 2,118,472	N
152	Nov-36	\$ 2,118,472	\$ 1,977	\$ 20,100	\$ 2,100,349	N
153	Dec-36	\$ 2,100,349	\$ 1,960	\$ 20,100	\$ 2,082,210	N
154	Jan-37	\$ 2,082,210	\$ 1,943	\$ 20,100	\$ 2,064,053	N
155	Feb-37	\$ 2,064,053	\$ 1,926	\$ 20,100	\$ 2,045,880	N
156	Mar-37	\$ 2,045,880	\$ 1,909	\$ 20,100	\$ 2,027,689	N
157	Apr-37	\$ 2,027,689	\$ 1,893	\$ 20,100	\$ 2,009,482	N
158	May-37	\$ 2,009,482	\$ 1,876	\$ 20,100	\$ 1,991,257	N
159	Jun-37	\$ 1,991,257	\$ 1,859	\$ 20,100	\$ 1,973,016	N
160	Jul-37	\$ 1,973,016	\$ 1,841	\$ 20,100	\$ 1,954,757	N
161	Aug-37	\$ 1,954,757	\$ 1,824	\$ 20,100	\$ 1,936,482	N
162	Sep-37	\$ 1,936,482	\$ 1,807	\$ 20,100	\$ 1,918,189	N
163	Oct-37	\$ 1,918,189	\$ 1,790	\$ 20,100	\$ 1,899,879	N
164	Nov-37	\$ 1,899,879	\$ 1,773	\$ 20,100	\$ 1,881,552	N
165	Dec-37	\$ 1,881,552	\$ 1,756	\$ 20,100	\$ 1,863,209	N
166	Jan-38	\$ 1,863,209	\$ 1,739	\$ 20,100	\$ 1,844,848	N
167	Feb-38	\$ 1,844,848	\$ 1,722	\$ 20,100	\$ 1,826,469	N
168	Mar-38	\$ 1,826,469	\$ 1,705	\$ 20,100	\$ 1,808,074	N
169	Apr-38	\$ 1,808,074	\$ 1,688	\$ 20,100	\$ 1,789,662	N
170	May-38	\$ 1,789,662	\$ 1,670	\$ 20,100	\$ 1,771,232	N
171	Jun-38	\$ 1,771,232	\$ 1,653	\$ 20,100	\$ 1,752,785	N
172	Jul-38	\$ 1,752,785	\$ 1,636	\$ 20,100	\$ 1,734,321	N

**Debt Payment Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
173	Aug-38	\$ 1,734,321	\$ 1,619	\$ 20,100	\$ 1,715,840	N
174	Sep-38	\$ 1,715,840	\$ 1,601	\$ 20,100	\$ 1,697,341	N
175	Oct-38	\$ 1,697,341	\$ 1,584	\$ 20,100	\$ 1,678,825	N
176	Nov-38	\$ 1,678,825	\$ 1,567	\$ 20,100	\$ 1,660,292	N
177	Dec-38	\$ 1,660,292	\$ 1,550	\$ 20,100	\$ 1,641,742	N
178	Jan-39	\$ 1,641,742	\$ 1,532	\$ 20,100	\$ 1,623,174	N
179	Feb-39	\$ 1,623,174	\$ 1,515	\$ 20,100	\$ 1,604,589	N
180	Mar-39	\$ 1,604,589	\$ 1,498	\$ 20,100	\$ 1,585,987	N
181	Apr-39	\$ 1,585,987	\$ 1,480	\$ 20,100	\$ 1,567,367	N
182	May-39	\$ 1,567,367	\$ 1,463	\$ 20,100	\$ 1,548,730	N
183	Jun-39	\$ 1,548,730	\$ 1,445	\$ 20,100	\$ 1,530,075	N
184	Jul-39	\$ 1,530,075	\$ 1,428	\$ 20,100	\$ 1,511,403	N
185	Aug-39	\$ 1,511,403	\$ 1,411	\$ 20,100	\$ 1,492,714	N
186	Sep-39	\$ 1,492,714	\$ 1,393	\$ 20,100	\$ 1,474,007	N
187	Oct-39	\$ 1,474,007	\$ 1,376	\$ 20,100	\$ 1,455,283	N
188	Nov-39	\$ 1,455,283	\$ 1,358	\$ 20,100	\$ 1,436,541	N
189	Dec-39	\$ 1,436,541	\$ 1,341	\$ 20,100	\$ 1,417,782	N
190	Jan-40	\$ 1,417,782	\$ 1,323	\$ 20,100	\$ 1,399,005	N
191	Feb-40	\$ 1,399,005	\$ 1,306	\$ 20,100	\$ 1,380,211	N
192	Mar-40	\$ 1,380,211	\$ 1,288	\$ 20,100	\$ 1,361,399	N
193	Apr-40	\$ 1,361,399	\$ 1,271	\$ 20,100	\$ 1,342,570	N
194	May-40	\$ 1,342,570	\$ 1,253	\$ 20,100	\$ 1,323,723	N
195	Jun-40	\$ 1,323,723	\$ 1,235	\$ 20,100	\$ 1,304,858	N
196	Jul-40	\$ 1,304,858	\$ 1,218	\$ 20,100	\$ 1,285,976	N
197	Aug-40	\$ 1,285,976	\$ 1,200	\$ 20,100	\$ 1,267,077	N
198	Sep-40	\$ 1,267,077	\$ 1,183	\$ 20,100	\$ 1,248,159	N
199	Oct-40	\$ 1,248,159	\$ 1,165	\$ 20,100	\$ 1,229,224	N
200	Nov-40	\$ 1,229,224	\$ 1,147	\$ 20,100	\$ 1,210,271	N
201	Dec-40	\$ 1,210,271	\$ 1,130	\$ 20,100	\$ 1,191,301	N
202	Jan-41	\$ 1,191,301	\$ 1,112	\$ 20,100	\$ 1,172,313	N
203	Feb-41	\$ 1,172,313	\$ 1,094	\$ 20,100	\$ 1,153,307	N
204	Mar-41	\$ 1,153,307	\$ 1,076	\$ 20,100	\$ 1,134,283	N
205	Apr-41	\$ 1,134,283	\$ 1,059	\$ 20,100	\$ 1,115,242	N
206	May-41	\$ 1,115,242	\$ 1,041	\$ 20,100	\$ 1,096,183	N
207	Jun-41	\$ 1,096,183	\$ 1,023	\$ 20,100	\$ 1,077,106	N
208	Jul-41	\$ 1,077,106	\$ 1,005	\$ 20,100	\$ 1,058,011	N
209	Aug-41	\$ 1,058,011	\$ 987	\$ 20,100	\$ 1,038,899	N
210	Sep-41	\$ 1,038,899	\$ 970	\$ 20,100	\$ 1,019,769	N
211	Oct-41	\$ 1,019,769	\$ 952	\$ 20,100	\$ 1,000,620	N
212	Nov-41	\$ 1,000,620	\$ 934	\$ 20,100	\$ 981,454	N
213	Dec-41	\$ 981,454	\$ 916	\$ 20,100	\$ 962,270	N
214	Jan-42	\$ 962,270	\$ 898	\$ 20,100	\$ 943,068	N
215	Feb-42	\$ 943,068	\$ 880	\$ 20,100	\$ 923,849	N

**Debt Payment Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
216	Mar-42	\$ 923,849	\$ 862	\$ 20,100	\$ 904,611	N
217	Apr-42	\$ 904,611	\$ 844	\$ 20,100	\$ 885,355	N
218	May-42	\$ 885,355	\$ 826	\$ 20,100	\$ 866,081	N
219	Jun-42	\$ 866,081	\$ 808	\$ 20,100	\$ 846,790	N
220	Jul-42	\$ 846,790	\$ 790	\$ 20,100	\$ 827,480	N
221	Aug-42	\$ 827,480	\$ 772	\$ 20,100	\$ 808,152	N
222	Sep-42	\$ 808,152	\$ 754	\$ 20,100	\$ 788,807	N
223	Oct-42	\$ 788,807	\$ 736	\$ 20,100	\$ 769,443	N
224	Nov-42	\$ 769,443	\$ 718	\$ 20,100	\$ 750,061	N
225	Dec-42	\$ 750,061	\$ 700	\$ 20,100	\$ 730,661	N
226	Jan-43	\$ 730,661	\$ 682	\$ 20,100	\$ 711,243	N
227	Feb-43	\$ 711,243	\$ 664	\$ 20,100	\$ 691,807	N
228	Mar-43	\$ 691,807	\$ 646	\$ 20,100	\$ 672,353	N
229	Apr-43	\$ 672,353	\$ 628	\$ 20,100	\$ 652,880	N
230	May-43	\$ 652,880	\$ 609	\$ 20,100	\$ 633,389	N
231	Jun-43	\$ 633,389	\$ 591	\$ 20,100	\$ 613,881	N
232	Jul-43	\$ 613,881	\$ 573	\$ 20,100	\$ 594,354	N
233	Aug-43	\$ 594,354	\$ 555	\$ 20,100	\$ 574,808	N
234	Sep-43	\$ 574,808	\$ 536	\$ 20,100	\$ 555,245	N
235	Oct-43	\$ 555,245	\$ 518	\$ 20,100	\$ 535,663	N
236	Nov-43	\$ 535,663	\$ 500	\$ 20,100	\$ 516,063	N
237	Dec-43	\$ 516,063	\$ 482	\$ 20,100	\$ 496,445	N
238	Jan-44	\$ 496,445	\$ 463	\$ 20,100	\$ 476,808	N
239	Feb-44	\$ 476,808	\$ 445	\$ 20,100	\$ 457,153	N
240	Mar-44	\$ 457,153	\$ 427	\$ 20,100	\$ 437,480	N
241	Apr-44	\$ 437,480	\$ 408	\$ 20,100	\$ 417,788	N
242	May-44	\$ 417,788	\$ 390	\$ 20,100	\$ 398,078	N
243	Jun-44	\$ 398,078	\$ 372	\$ 20,100	\$ 378,349	N
244	Jun-44	\$ 378,349	\$ 353	\$ 20,100	\$ 358,603	N
245	Jul-44	\$ 358,603	\$ 335	\$ 20,100	\$ 338,837	N
246	Aug-44	\$ 338,837	\$ 316	\$ 20,100	\$ 319,054	N
247	Oct-44	\$ 319,054	\$ 298	\$ 20,100	\$ 299,251	N
248	Nov-44	\$ 299,251	\$ 279	\$ 20,100	\$ 279,431	N
249	Dec-44	\$ 279,431	\$ 261	\$ 20,100	\$ 259,591	N
250	Jan-45	\$ 259,591	\$ 242	\$ 20,100	\$ 239,734	N
251	Feb-45	\$ 239,734	\$ 224	\$ 20,100	\$ 219,857	N
252	Mar-45	\$ 219,857	\$ 205	\$ 20,100	\$ 199,963	N
253	Apr-45	\$ 199,963	\$ 187	\$ 20,100	\$ 180,049	N
254	May-45	\$ 180,049	\$ 168	\$ 20,100	\$ 160,117	N
255	Jun-45	\$ 160,117	\$ 149	\$ 20,100	\$ 140,167	N
256	Jul-45	\$ 140,167	\$ 131	\$ 20,100	\$ 120,198	N
257	Aug-45	\$ 120,198	\$ 112	\$ 20,100	\$ 100,210	N
258	Sep-45	\$ 100,210	\$ 94	\$ 20,100	\$ 80,203	N

Debt Payment Schedule

Month #		Starting Balance	Interest		Pmt	Ending balance	Paid off?
259	Oct-45	\$ 80,203	\$	75	\$ 20,100	\$ 60,178	N
260	Nov-45	\$ 60,178	\$	56	\$ 20,100	\$ 40,134	N
261	Dec-45	\$ 40,134	\$	37	\$ 20,100	\$ 20,072	N
262	Jan-46	\$ 20,072	\$	19	\$ 20,091	\$ -	Y

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

Free Recording Requested Pursuant to  
Government Code Section 27383 and 27388.1

When recorded, mail to:  
Department of Public Health  
of the City and County of San Francisco  
101 Grove Street, Room# 308  
San Francisco, California 94102  
Attn: Director  
Block/Lot: 6597 / 027  
Address: 673 San Jose, Ave.

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**  
(673 San Jose, Ave.)

**THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust")** is made as of \_\_\_\_\_, 2024, by **BAKER PLACES, INC.**, a California nonprofit public benefit corporation ("**Trustor**"), whose address is 170 9th Street, San Francisco, CA 94103, San Francisco, California, to **OLD REPUBLIC TITLE HOLDING COMPANY**, a California corporation ("**Trustee**"), whose address is 275 Battery Street, Suite 1500 , San Francisco, California, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, ("**Beneficiary**"). This Deed of Trust is executed pursuant to that certain Repayment Agreement by and between Trustor and Beneficiary, dated as of \_\_\_\_\_, as it may be amended from time to time (the "**Agreement**"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "**Property**"):

(a) those certain real properties situated in the City and County of San Francisco, State of California, as more particularly described in the legal descriptions attached hereto as **Exhibit A** and incorporated herein by this reference (the "**Land**"), and the improvements located on the Land (the "**Project**"); and

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "**Improvements**"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("**Leases**") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(e) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(f) all Debt; and

(g) subject to the terms of Section 6 below, all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(h) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(i) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

with the Property ("**Rents**"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(j) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(k) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "**Secured Obligations**"):

(a) Trustor's timely performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with those certain restrictions on the use of the Property recited in (i) that certain Declaration of Restrictions executed by Trustor and dated as of the date of and being recorded in the real estate records of San Francisco County concurrently with this Deed of Trust as an encumbrance against the Property (the "**Declaration**"), as described in the legal description attached hereto as **Exhibit A**, and (ii) that certain Declaration of Restrictions executed by Trustor and dated as of the date of and being recorded in the real estate records of San Francisco County concurrently with this Deed of Trust as an encumbrance against the Property, as described in legal description attached hereto as **Exhibit A**, as both may be amended from time to time, and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement in the original principal amount of Seven Million, Six Hundred Sixty-Nine Thousand, Eight Hundred Fourteen Dollars (\$7,669,814), with interest, according to the terms of the Agreement.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("**License**") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact, which right is coupled with an interest, to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for (A) any waste committed by lessees or any other parties, (B) any dangerous or defective condition of the Property, or (C) any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).



**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements.

**"Environmental Laws"** means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the **"Superfund"** law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 (**"NEPA"**) (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the **"California Superfund"** law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as **"Proposition 65"**) (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

## Appendix C

### Performance Deed of Trust and Declaration of Restrictions (Sample)

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without: obligation to do so or releasing Trustor from any obligation hereof, but upon notice to Trustor, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

#### 5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as "**Debtor**"), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as "**Secured Party**"), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, "**Collateral**" means the personal property (tangible or intangible) and fixtures included in the Property.

#### (b) Debtor's Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that, as of the date hereof, Debtor has no actual knowledge of a financing statement having been filed in any public office with respect to the Collateral. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is 94-3078431. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust; and (iii) payment of its fees, if any, Trustee shall reconvey to the party or parties entitled thereto the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement, that certain Secured Promissory Note, executed by Trustor concurrent herewith to further evidence the DPH Debt owed by Trustor under the Agreement (the "**Note**"), or the Declaration will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("**Event of Default**"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may exercise the rights and remedies set forth in the Declaration.

(d) Subject to the provisions of the Agreement governing events of default, remedies, and acceleration of the Debt (including any notice and cure periods provided for therein), Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("**Notice of Default**"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("**Notice of Sale**") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

***[Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page]***

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

**IN WITNESS WHEREOF**, Trustor has executed this Deed of Trust as of the date and year first above written.

**"TRUSTOR:"**

BAKER PLACES, INC.,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Teng Chuan  
Chief Executive Officer

By: \_\_\_\_\_  
Brian Schneider  
President

**ALL SIGNATURES MUST BE NOTARIZED**



**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**  
**EXHIBIT A**

Legal Description of the Land

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY  
OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Street Address:

673 San Jose Ave., San Francisco CA

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

Free Recording Requested Pursuant to  
Government Code Section 27383 and 27388.1

When recorded, mail to:  
Department of Public Health  
of the City and County of San Francisco  
101 Grove Street, Room# 308  
San Francisco, California 94102  
Attn: Director  
Block/Lot: 1740 / 048  
Address: 921-923 Lincoln Way

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,**  
**SECURITY AGREEMENT AND FIXTURE FILING**  
(921-923 Lincoln Way)

**THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust")** is made as of \_\_\_\_\_, 2024, by **BAKER PLACES, INC.**, a California nonprofit public benefit corporation ("**Trustor**"), whose address is 170 9th Street, San Francisco, CA 94103, San Francisco, California, to **OLD REPUBLIC TITLE HOLDING COMPANY**, a California corporation ("**Trustee**"), whose address is 275 Battery Street, Suite 1500 , San Francisco, California, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, ("**Beneficiary**"). This Deed of Trust is executed pursuant to that certain Repayment Agreement by and between Trustor and Beneficiary, dated as of \_\_\_\_\_, as it may be amended from time to time (the "**Agreement**"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. **Grant in Trust.** For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "**Property**"):

(a) those certain real properties situated in the City and County of San Francisco, State of California, as more particularly described in the legal descriptions attached hereto as **Exhibit A** and incorporated herein by this reference (the "**Land**"), and the improvements located on the Land (the "**Project**"); and

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "**Improvements**"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("**Leases**") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(e) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(f) all Debt; and

(g) subject to the terms of Section 6 below, all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(h) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(i) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit

## Appendix C

### Performance Deed of Trust and Declaration of Restrictions (Sample)

card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("**Rents**"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(j) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(k) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "**Secured Obligations**"):

(a) Trustor's timely performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with those certain restrictions on the use of the Property recited in (i) that certain Declaration of Restrictions executed by Trustor and dated as of the date of and being recorded in the real estate records of San Francisco County concurrently with this Deed of Trust as an encumbrance against the Property (the "**Declaration**"), as described in the legal description attached hereto as **Exhibit A**, and (ii) that certain Declaration of Restrictions executed by Trustor and dated as of the date of and being recorded in the real estate records of San Francisco County concurrently with this Deed of Trust as an encumbrance against the Property, as described in legal description attached hereto as **Exhibit A**, as both may be amended from time to time, and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement in the original principal amount of Seven Million, Six Hundred Sixty-Nine Thousand, Eight Hundred Fourteen Dollars (\$7,669,814), with interest, according to the terms of the Agreement.

### 3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("**License**") to collect and retain the

## Appendix C

### Performance Deed of Trust and Declaration of Restrictions (Sample)

Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact, which right is coupled with an interest, to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for (A) any waste committed by lessees or any other parties, (B) any dangerous or defective condition of the Property, or (C) any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

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(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements.

**"Environmental Laws"** means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the **"Superfund"** law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 (**"NEPA"**) (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the **"California Superfund"** law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as **"Proposition 65"**) (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

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(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without obligation to do so or releasing Trustor from any obligation hereof, but upon notice to Trustor, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as "**Debtor**"), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as "**Secured Party**"), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, "**Collateral**" means the personal property (tangible or intangible) and fixtures included in the Property.

(b) Debtor's Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

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(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that, as of the date hereof, Debtor has no actual knowledge of a financing statement having been filed in any public office with respect to the Collateral. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.



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(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is 94-3078431. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

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(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust; and (iii) payment of its fees, if any, Trustee shall reconvey to the party or parties entitled thereto the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement, that certain Secured Promissory Note, executed by Trustor concurrent herewith to further evidence the DPH Debt owed by Trustor under the Agreement (the "**Note**"), or the Declaration will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

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**(Sample)**

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("**Event of Default**"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may exercise the rights and remedies set forth in the Declaration.

(d) Subject to the provisions of the Agreement governing events of default, remedies, and acceleration of the Debt (including any notice and cure periods provided for therein), Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("**Notice of Default**"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("**Notice of Sale**") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

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iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

***[Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page]***

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**IN WITNESS WHEREOF**, Trustor has executed this Deed of Trust as of the date and year first above written.

**"TRUSTOR:"**

BAKER PLACES, INC.,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Teng Chuan  
Chief Executive Officer

By: \_\_\_\_\_  
Brian Schneider  
President

**ALL SIGNATURES MUST BE NOTARIZED**

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**EXHIBIT A**

Legal Description of the Land

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY  
OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Street Address:

921-923 Lincoln Way, San Francisco CA

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**Free Recording Requested Pursuant to**  
Government Code Sections 27383 and 27388.1

Recording requested by and  
when recorded mail to:  
Department of Public Health of the  
City and County of San Francisco  
101 Grove Street, Room# 308  
San Francisco, California 94102  
Attn: Director  
Block/Lot: 6597/ 027  
Address: 673 San Jose Ave.

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS AND**  
**(673 San Jose Ave.)**

**THIS DECLARATION OF RESTRICTIONS** (this "**Declaration**") is made as of \_\_\_\_\_, 2024, by BAKER PLACES, INC., a California nonprofit public benefit corporation ("**Owner**"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, acting by and through its Department of Public Health (the "**City**").

**RECITALS**

A. The City and Owner are parties to that certain Repayment Agreement, dated as of even date herewith, as it may be amended from time to time (the "**Agreement**"), pursuant to which Owner has agreed to repay City that certain DPH Debt in connection with Owner's ownership of that certain real property and the improvements thereon, located at 673 San Jose Ave., in the City and County of San Francisco, CA, as more particularly described in the legal description attached hereto as **Exhibit A**, and incorporated herein by reference (the "**Property**"), which is currently used as behavioral health treatment and ancillary services designed to provide a therapeutic environment of care within a residential setting in accordance with the one or more Contracts (as defined in the Agreement) that have been entered into in connection with the Property, as such applicable Contracts may be amended from time to time (the "**Permitted Use**") and shall be maintained as such for the Compliance Period, as defined below (the "**Project**"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Owner has agreed to enter into this Declaration in order to comply with certain use and occupancy restrictions as described herein (collectively, the "**Regulatory Obligations**"), commencing on the date this Declaration is recorded in the Official Records of San Francisco County (the "**Official**

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**Records**”), and continuing until the earlier of the following to occur: (a) January 31, 2046, and (b) the date that Owner has fully repaid the Debt (the "**Compliance Period**").

C. This Declaration shall be secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing to be executed by Owner as Trustor, and dated and recorded in the Official Records substantially concurrent herewith as a lien against Owner’s fee interest in the Property (the “**Deed of Trust**”); and the Property shall be owned, held, used, maintained, and transferred pursuant to the covenants, conditions, restrictions, and limitations, as further described herein.

**AGREEMENT**

NOW THEREFORE, in consideration of the foregoing Recitals, which are incorporated into this Declaration by this reference, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner agrees as follows:

1. Owner will comply with this Declaration through the expiration of the Compliance Period. Specifically, Owner agrees as follows, subject to additional terms as set forth in the Agreement:

2. **Use of Property.** Owner, for itself, and for its successors and assigns, hereby declares and covenants that the use of the Property shall be restricted to the Permitted Use for the Compliance Period so long as the Owner and or Parent (as defined in the Agreement) remain under the Contracts (as defined in the Agreement) that are applicable to this Property. Any change to a use other than the Permitted Use during the Compliance Period shall require the express prior written consent of the City (but shall not require an amendment to this Declaration). For avoidance of doubt, if at any time there are no active Contracts between Owner and the City applicable to this Property, then this Section 2 shall have no force or effect, but the remainder of this Declaration shall remain in full force and effect.

3. **Use, Maintenance, Repair, and Improvement of the Property.** Owner agrees as follows:

(a) Subject to the provisions of Section 2 above, to use the Property, for the Permitted Use during the Compliance Period;

(b) To maintain the Property in conformity with all applicable State and local building and fire codes, and in decent, safe, and sanitary condition and repair, and to permit no waste thereof;

(c) Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable during the Compliance Period, except to the extent such condition is consistent with the Permitted Use;



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(d) Not to apply for any permits or construct any buildings or improvements on the Property, including, without limitation, any permits or construction affecting the value of the Property, the structural integrity of the Property, or the contemplated uses of the Property; or add to, remove, demolish or structurally alter any buildings or improvements included as part of the Property, without City's consent;

(e) To comply with each and every term of the Agreement and all applicable State laws and regulations and local codes and ordinances affecting the Property;

(f) Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects the Property without City's prior written consent;

(g) Subject to the provisions of Section 2 above, not to materially alter the use of all or any part of the Property without City's prior written consent;

(h) Subject to the provisions of Section 2 above, to maintain all licenses, certifications, or designations required to continue operating for the Permitted Use;

(i) To submit to City such periodic reports, updates, and information deemed necessary by City in its reasonable discretion to monitor compliance and with the Agreement; and

(j) Pay all applicable taxes, assessments, and other charges, liens, fines and impositions attributable to or encumbering the Property, by making payment, prior to delinquency, directly to the payee thereof. Owner shall, upon request by City or its agent, promptly furnish to City or its agent all notices of amounts due under this subsection and receipts evidencing such payments; provided, that Owner shall have the right to contest in good faith any claim or lien, or payment due thereunder, so long as Owner does so diligently, without prejudice to City; provided further that Owner has established on Owner's books adequate reserves with respect to such contested assessment, tax, charge, lien, or claim.

**3      Restrictions On Sale, Encumbrance, And Other Acts.**

3.1 Owner shall not voluntarily (which term shall not be interpreted to include a foreclosure of any security for a loan or deed-in lieu) sell, encumber (including recordation of any deed of trust), hypothecate, assign, pledge, convey, or transfer the Property, or any portion thereof, or any of its interests therein, or any equity interest in Owner without obtaining City's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed by City if (a) Owner is not in default hereunder or under the Agreement and delivers a certificate to City certifying to the same; (b) the Debt will be fully or partially, and partially if and only if all of the net proceeds of the sale of the Property are applied towards the repayment of the Debt as part of the escrow closing in the case of the disposition of the Property, as evidenced by a

## **Appendix C**

### **Performance Deed of Trust and Declaration of Restrictions (Sample)**

final closing statement executed by the Owner and the purchaser; (c) if encumbering, hypothecating or pledging the Property in connection with a recordation of a deed of trust to secure a loan, the lender shall agree to subordinate its deed of trust to the lien and encumbrance of the City's deed of trust and this Declaration, respectively, and to provide City with notice of an event of an Owner default and right of City to cure the default under the lender's deed of trust; and (d) such other conditions as the City may reasonably impose to assure compliance by the assignee or purchaser and Property with the requirements of this Declaration and the Agreement. It is expressly stipulated and agreed that, except for any such sale, transfer or disposition agreed to by City in a separate writing, any sale, transfer or other disposition of the Property in violation of this Section 3.1 shall be null, void and shall not relieve the Owner of its obligations under this Declaration. Upon any sale or transfer, which complies with this Declaration, and provided that Owner shall have applied all of the net proceeds from the sale or transfer of the Property towards the repayment of the Debt, the Owner shall be fully released from any liability and obligations arising after said sale or transfer and City shall agree to record a release to terminate and release this Declaration from record. Any transfer of the Property to any entity, whether or not affiliated with the Owner, shall be subject to the provisions of this Section 3.1.

3.2 If City determines, in its reasonable discretion, to grant its prior written consent to Owner encumbering, hypothecating or pledging the Property in connection with a loan for the Property, such consent may impose additional terms and conditions, as necessary, to preserve or establish the fiscal integrity of the Property or to ensure compliance with this Declaration.

3.3 If a trustee under a loan acquires title to the Property by foreclosure or deed in lieu of foreclosure, no consent of the City shall be required to such transfer under this Declaration; however, the consent of City and delivery of items (a) through (i) above shall be required for any transfer of the Property subsequent to the trustee's acquisition of the Property by foreclosure or deed in lieu of foreclosure.

4 **Owner Representations and Warranties.** Owner represents and warrants to City that, as of the date of Owner's execution of this Declaration: (1) Owner has sufficient interest in the Property to support the operation of the Property in accordance with this Declaration; (2) to Owner's actual knowledge and belief, there are no agreements, contracts, covenants, conditions, or exclusions to which Owner is a party which would, if enforced, prohibit or restrict the use of the Property in accordance with the terms of this Declaration; (3) Owner has the full right and authority to enter into this Declaration; (4) this Declaration constitutes a valid and legally binding obligation on Owner; and (5) Owner is duly organized, validly existing under the laws of, and authorized to do business in, the State of California, and is in good standing with the California Secretary of State's Office and the Attorney General Registry of Charitable Trusts and covenants to maintain such standing during the Compliance Period.

5 **City's Review and Inspection.**

## Appendix C

### Performance Deed of Trust and Declaration of Restrictions (Sample)

(a) At any time during the term of this Declaration and upon reasonable notice, City may, but is not obligated to, enter and inspect the Property, and inspect all records pertaining to the operation, repair, and maintenance of the Property. Upon request by City, Owner shall notify any occupants of upcoming inspections in accordance with state law.

(b) Owner or its designee may, but is not obligated to, request any other information that it deems necessary to confirm compliance with this Declaration. Owner shall provide such requested information within fourteen (14) calendar days of City's written request for the information.

(c) City shall not, by the fact of making or not making any entries or inspections, or by taking or failing to take any action in response thereto: (i) incur or undertake, or be deemed to incur or undertake, any obligation, duty, or liability whatsoever, whether to Owner, or to any other person or entity; (ii) be deemed as approving or disapproving any matter, action, incident, or condition related to the Property; or (iii) be deemed as approving or disapproving any matter related to the compliance of the Property with this Declaration or other applicable laws. In no event or circumstance shall City's or its designee's exercise or non-exercise of its discretion under this subsection constitute, or be deemed or interpreted as constituting, any termination, limitation, alteration, or waiver by City of any right, benefit, or remedies under or with respect to this Declaration.

6 **Default.** If Owner defaults in the performance or observance of any covenant, agreement, restriction or obligation of Owner set forth in this Declaration, and if such default remains uncured for a period of one hundred eighty (180) days after notice therefor shall have been given by City to the Owner, then City shall declare an "**Event of Default**" to have occurred hereunder. An Event of Default under this Declaration shall entitle City to any rights, remedies, or damages available at law or in equity. City's failure to exercise any specific right or remedy shall not be construed as a waiver of that or any other right or remedy. An Event of Default under this Declaration shall also constitute a default under the Agreement and the Deed of Trust.

7 **Remedies.** Upon and during the continuance of any Event of Default by Owner, City will be entitled to the following:

(a) **Specific Performance.** The use, repair, and maintenance of the Property is of a special and unique kind and character, so that a breach of any material provision of this Declaration by Owner would not have an adequate remedy at law. Therefore, City's rights may be enforced by an action for specific performance and such other equitable relief as is provided by the laws of the State of California.

(b) **Injunctive Relief.** In pursuing specific performance of the Declaration, City shall be entitled to petition the court for injunctive relief to enjoin any acts or things which may be in violation of this Declaration or the Agreement. Such

## Appendix C

### Performance Deed of Trust and Declaration of Restrictions (Sample)

injunctive relief may include a court order restraining any development of the Property that is inconsistent with the terms of this Declaration.

(c) Appointment of Receiver. In addition to or in conjunction with any other remedy available at law or in equity, City may apply to a court of competent jurisdiction for the appointment of a receiver to take over and operate the Property in accordance with the requirements of the Agreement and this Declaration. The receiver shall have all powers which shall be necessary or are usual in such cases for the protection, possession, control, management and operation of the Property.

(d) Right to Cure Defaults. Upon the occurrence and during the continuance of any Event of Default, City may, but without any obligation to do so and without notice to or demand on Owner and without releasing Owner from any obligation hereunder, take such actions to cure the event of default in such manner and to such extent as City may deem necessary to protect the security hereof. The cost and expense of any cure hereunder (including reasonable attorneys' fees to the extent permitted by law) shall be due and payable to City upon demand plus an administration fee of five percent (5%).

Notwithstanding the foregoing or anything to the contrary contained herein, City shall be entitled to any rights, remedies, or damages available pursuant to the Deed of Trust executed by Owner, as Trustor, therein, on or about of even date herewith, and recorded in the Official Records. The parties acknowledge and agree that the rights and remedies provided in this Section 7 are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

8 Covenants Run with the Land. The Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to this Declaration until such time as this Declaration is released by the City or otherwise terminated. Notwithstanding section 1460, *et seq.*, of the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or in equity by any City department. City and Owner hereby declare their express intent that the covenants, reservations and restrictions contained herein shall be deemed both equitable servitudes and covenants running with the land, and shall pass to and be binding upon the Owner's successors in title to the Property; provided, however, that upon the expiration of the Compliance Period said covenants, reservations and restrictions shall expire. Owner expressly acknowledges and agrees that the Declaration is a reasonable restraint on Owner's right to own, use, maintain, and transfer the Property and any estate or interest therein and is not and shall not be construed to be an unreasonable restraint on alienation. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property, or any portion thereof, shall be held conclusively to have been executed, delivered, and accepted subject to the covenants, reservations and restrictions in this Declaration, regardless of whether the covenants, reservations and restrictions of

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**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

this Declaration are set forth in such contract, deed, or other instrument.

9        During the Compliance Period, the City may rely on the Agreement, the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights. Owner will pay the City's reasonable costs in connection with the City's enforcement of the terms of this Declaration and Regulatory Obligations, including, without limitation, the City's attorneys' fees and costs.

***[Signatures Appear on Following Page]***

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**(Sample)**

**IN WITNESS WHEREOF**, Owner has executed this Declaration as of the date first above written.

**“OWNER”**

BAKER PLACES, INC.,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: Chuan Teng  
Title: Chief Executive Officer

By: \_\_\_\_\_  
Name: Brian Schneider  
Title: Board President

***[ALL SIGNATURES MUST BE NOTARIZED]***

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

**EXHIBIT A**  
(Legal Description of the Property)

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF  
SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,  
DESCRIBED AS FOLLOWS:

Street Address: 673 San Jose Ave., San Francisco CA

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**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

**Free Recording Requested Pursuant to**  
Government Code Sections 27383 and 27388.1

Recording requested by and  
when recorded mail to:  
Department of Public Health of the  
City and County of San Francisco  
101 Grove Street, Room# 308  
San Francisco, California 94102  
Attn: Director  
Block/Lot: 1740 / 048  
Address: 921-923 Lincoln Way

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS AND**  
**(921-923 Lincoln Way)**

**THIS DECLARATION OF RESTRICTIONS** (this "**Declaration**") is made as of \_\_\_\_\_, 2024, by BAKER PLACES, INC., a California nonprofit public benefit corporation ("**Owner**"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, acting by and through its Department of Public Health (the "**City**").

**RECITALS**

A. The City and Owner are parties to that certain Repayment Agreement, dated as of even date herewith, as it may be amended from time to time (the "**Agreement**"), pursuant to which Owner has agreed to repay City that certain DPH Debt in connection with Owner's ownership of that certain real property and the improvements thereon, located at 921-923 Lincoln Way, in the City and County of San Francisco, CA, as more particularly described in the legal description attached hereto as **Exhibit A**, and incorporated herein by reference (the "**Property**"), which is currently used as behavioral health treatment and ancillary services designed to provide a therapeutic environment of care within a residential setting in accordance with the one or more Contracts (as defined in the Agreement) that have been entered into in connection with the Property, as such applicable Contracts may be amended from time to time (the "**Permitted Use**") and shall be maintained as such for the Compliance Period, as defined below (the "**Project**"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

B. Pursuant to the Agreement, Owner has agreed to enter into this Declaration in order to comply with certain use and occupancy restrictions as described herein (collectively, the "**Regulatory Obligations**"), commencing on the date this Declaration is recorded in the Official Records of San Francisco County (the "**Official**



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**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

**Records**”), and continuing until the earlier of the following to occur: (a) January 31, 2046, and (b) the date that Owner has fully repaid the Debt (the "**Compliance Period**").

C. This Declaration shall be secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing to be executed by Owner as Trustor, and dated and recorded in the Official Records substantially concurrent herewith as a lien against Owner’s fee interest in the Property (the “**Deed of Trust**”); and the Property shall be owned, held, used, maintained, and transferred pursuant to the covenants, conditions, restrictions, and limitations, as further described herein.

**AGREEMENT**

NOW THEREFORE, in consideration of the foregoing Recitals, which are incorporated into this Declaration by this reference, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner agrees as follows:

1. Owner will comply with this Declaration through the expiration of the Compliance Period. Specifically, Owner agrees as follows, subject to additional terms as set forth in the Agreement:

2. **Use of Property.** Owner, for itself, and for its successors and assigns, hereby declares and covenants that the use of the Property shall be restricted to the Permitted Use for the Compliance Period so long as the Owner and or Parent (as defined in the Agreement) remain under the Contracts (as defined in the Agreement) that are applicable to this Property. Any change to a use other than the Permitted Use during the Compliance Period shall require the express prior written consent of the City (but shall not require an amendment to this Declaration). For avoidance of doubt, if at any time there are no active Contracts between Owner and the City applicable to this Property, then this Section 2 shall have no force or effect, but the remainder of this Declaration shall remain in full force and effect.

3. **Use, Maintenance, Repair, and Improvement of the Property.** Owner agrees as follows:

(a) Subject to the provisions of Section 2 above, to use the Property, for the Permitted Use during the Compliance Period;

(b) To maintain the Property in conformity with all applicable State and local building and fire codes, and in decent, safe, and sanitary condition and repair, and to permit no waste thereof;

(c) Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable during the Compliance Period, except to the extent such condition is consistent with the Permitted Use;

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

(d) Not to apply for any permits or construct any buildings or improvements on the Property, including, without limitation, any permits or construction affecting the value of the Property, the structural integrity of the Property, or the contemplated uses of the Property; or add to, remove, demolish or structurally alter any buildings or improvements included as part of the Property, without City's consent;

(e) To comply with each and every term of the Agreement and all applicable State laws and regulations and local codes and ordinances affecting the Property;

(f) Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects the Property without City's prior written consent;

(g) Subject to the provisions of Section 2 above, not to materially alter the use of all or any part of the Property without City's prior written consent;

(h) Subject to the provisions of Section 2 above, to maintain all licenses, certifications, or designations required to continue operating for the Permitted Use;

(i) To submit to City such periodic reports, updates, and information deemed necessary by City in its reasonable discretion to monitor compliance and with the Agreement; and

(j) Pay all applicable taxes, assessments, and other charges, liens, fines and impositions attributable to or encumbering the Property, by making payment, prior to delinquency, directly to the payee thereof. Owner shall, upon request by City or its agent, promptly furnish to City or its agent all notices of amounts due under this subsection and receipts evidencing such payments; provided, that Owner shall have the right to contest in good faith any claim or lien, or payment due thereunder, so long as Owner does so diligently, without prejudice to City; provided further that Owner has established on Owner's books adequate reserves with respect to such contested assessment, tax, charge, lien, or claim.

**3      Restrictions On Sale, Encumbrance, And Other Acts.**

3.1 Owner shall not voluntarily (which term shall not be interpreted to include a foreclosure of any security for a loan or deed-in lieu) sell, encumber (including recordation of any deed of trust), hypothecate, assign, pledge, convey, or transfer the Property, or any portion thereof, or any of its interests therein, or any equity interest in Owner without obtaining City's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed by City if (a) Owner is not in default hereunder or under the Agreement and delivers a certificate to City certifying to the same; (b) the Debt will be fully or partially, and partially if and only if all of the net proceeds of the sale of the Property are applied towards the repayment of the Debt as part of the escrow closing in the case of the disposition of the Property, as evidenced by a

## Appendix C

### Performance Deed of Trust and Declaration of Restrictions (Sample)

final closing statement executed by the Owner and the purchaser; (c) if encumbering, hypothecating or pledging the Property in connection with a recordation of a deed of trust to secure a loan, the lender shall agree to subordinate its deed of trust to the lien and encumbrance of the City's deed of trust and this Declaration, respectively, and to provide City with notice of an event of an Owner default and right of City to cure the default under the lender's deed of trust; and (d) such other conditions as the City may reasonably impose to assure compliance by the assignee or purchaser and Property with the requirements of this Declaration and the Agreement. It is expressly stipulated and agreed that, except for any such sale, transfer or disposition agreed to by City in a separate writing, any sale, transfer or other disposition of the Property in violation of this Section 3.1 shall be null, void and shall not relieve the Owner of its obligations under this Declaration. Upon any sale or transfer, which complies with this Declaration, and provided that Owner shall have applied all of the net proceeds from the sale or transfer of the Property towards the repayment of the Debt, the Owner shall be fully released from any liability and obligations arising after said sale or transfer and City shall agree to record a release to terminate and release this Declaration from record. Any transfer of the Property to any entity, whether or not affiliated with the Owner, shall be subject to the provisions of this Section 3.1.

3.2 If City determines, in its reasonable discretion, to grant its prior written consent to Owner encumbering, hypothecating or pledging the Property in connection with a loan for the Property, such consent may impose additional terms and conditions, as necessary, to preserve or establish the fiscal integrity of the Property or to ensure compliance with this Declaration.

3.3 If a trustee under a loan acquires title to the Property by foreclosure or deed in lieu of foreclosure, no consent of the City shall be required to such transfer under this Declaration; however, the consent of City and delivery of items (a) through (i) above shall be required for any transfer of the Property subsequent to the trustee's acquisition of the Property by foreclosure or deed in lieu of foreclosure.

4 **Owner Representations and Warranties.** Owner represents and warrants to City that, as of the date of Owner's execution of this Declaration: (1) Owner has sufficient interest in the Property to support the operation of the Property in accordance with this Declaration; (2) to Owner's actual knowledge and belief, there are no agreements, contracts, covenants, conditions, or exclusions to which Owner is a party which would, if enforced, prohibit or restrict the use of the Property in accordance with the terms of this Declaration; (3) Owner has the full right and authority to enter into this Declaration; (4) this Declaration constitutes a valid and legally binding obligation on Owner; and (5) Owner is duly organized, validly existing under the laws of, and authorized to do business in, the State of California, and is in good standing with the California Secretary of State's Office and the Attorney General Registry of Charitable Trusts and covenants to maintain such standing during the Compliance Period.

5 **City's Review and Inspection.**

## Appendix C

### Performance Deed of Trust and Declaration of Restrictions (Sample)

(a) At any time during the term of this Declaration and upon reasonable notice, City may, but is not obligated to, enter and inspect the Property, and inspect all records pertaining to the operation, repair, and maintenance of the Property. Upon request by City, Owner shall notify any occupants of upcoming inspections in accordance with state law.

(b) Owner or its designee may, but is not obligated to, request any other information that it deems necessary to confirm compliance with this Declaration. Owner shall provide such requested information within fourteen (14) calendar days of City's written request for the information.

(c) City shall not, by the fact of making or not making any entries or inspections, or by taking or failing to take any action in response thereto: (i) incur or undertake, or be deemed to incur or undertake, any obligation, duty, or liability whatsoever, whether to Owner, or to any other person or entity; (ii) be deemed as approving or disapproving any matter, action, incident, or condition related to the Property; or (iii) be deemed as approving or disapproving any matter related to the compliance of the Property with this Declaration or other applicable laws. In no event or circumstance shall City's or its designee's exercise or non-exercise of its discretion under this subsection constitute, or be deemed or interpreted as constituting, any termination, limitation, alteration, or waiver by City of any right, benefit, or remedies under or with respect to this Declaration.

6 **Default.** If Owner defaults in the performance or observance of any covenant, agreement, restriction or obligation of Owner set forth in this Declaration, and if such default remains uncured for a period of one hundred eighty (180) days after notice therefor shall have been given by City to the Owner, then City shall declare an "**Event of Default**" to have occurred hereunder. An Event of Default under this Declaration shall entitle City to any rights, remedies, or damages available at law or in equity. City's failure to exercise any specific right or remedy shall not be construed as a waiver of that or any other right or remedy. An Event of Default under this Declaration shall also constitute a default under the Agreement and the Deed of Trust.

7 **Remedies.** Upon and during the continuance of any Event of Default by Owner, City will be entitled to the following:

(a) **Specific Performance.** The use, repair, and maintenance of the Property is of a special and unique kind and character, so that a breach of any material provision of this Declaration by Owner would not have an adequate remedy at law. Therefore, City's rights may be enforced by an action for specific performance and such other equitable relief as is provided by the laws of the State of California.

(b) **Injunctive Relief.** In pursuing specific performance of the Declaration, City shall be entitled to petition the court for injunctive relief to enjoin any acts or things which may be in violation of this Declaration or the Agreement. Such

## Appendix C

### Performance Deed of Trust and Declaration of Restrictions (Sample)

injunctive relief may include a court order restraining any development of the Property that is inconsistent with the terms of this Declaration.

(c) Appointment of Receiver. In addition to or in conjunction with any other remedy available at law or in equity, City may apply to a court of competent jurisdiction for the appointment of a receiver to take over and operate the Property in accordance with the requirements of the Agreement and this Declaration. The receiver shall have all powers which shall be necessary or are usual in such cases for the protection, possession, control, management and operation of the Property.

(d) Right to Cure Defaults. Upon the occurrence and during the continuance of any Event of Default, City may, but without any obligation to do so and without notice to or demand on Owner and without releasing Owner from any obligation hereunder, take such actions to cure the event of default in such manner and to such extent as City may deem necessary to protect the security hereof. The cost and expense of any cure hereunder (including reasonable attorneys' fees to the extent permitted by law) shall be due and payable to City upon demand plus an administration fee of five percent (5%).

Notwithstanding the foregoing or anything to the contrary contained herein, City shall be entitled to any rights, remedies, or damages available pursuant to the Deed of Trust executed by Owner, as Trustor, therein, on or about of even date herewith, and recorded in the Official Records. The parties acknowledge and agree that the rights and remedies provided in this Section 7 are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

8 Covenants Run with the Land. The Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to this Declaration until such time as this Declaration is released by the City or otherwise terminated. Notwithstanding section 1460, *et seq.*, of the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or in equity by any City department. City and Owner hereby declare their express intent that the covenants, reservations and restrictions contained herein shall be deemed both equitable servitudes and covenants running with the land, and shall pass to and be binding upon the Owner's successors in title to the Property; provided, however, that upon the expiration of the Compliance Period said covenants, reservations and restrictions shall expire. Owner expressly acknowledges and agrees that the Declaration is a reasonable restraint on Owner's right to own, use, maintain, and transfer the Property and any estate or interest therein and is not and shall not be construed to be an unreasonable restraint on alienation. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property, or any portion thereof, shall be held conclusively to have been executed, delivered, and accepted subject to the covenants, reservations and restrictions in this Declaration, regardless of whether the covenants, reservations and restrictions of

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

this Declaration are set forth in such contract, deed, or other instrument.

9        During the Compliance Period, the City may rely on the Agreement, the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights. Owner will pay the City's reasonable costs in connection with the City's enforcement of the terms of this Declaration and Regulatory Obligations, including, without limitation, the City's attorneys' fees and costs.

***[Signatures Appear on Following Page]***

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**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

**IN WITNESS WHEREOF**, Owner has executed this Declaration as of the date first above written.

**“OWNER”**

BAKER PLACES, INC.,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: Chuan Teng  
Title: Chief Executive Officer

By: \_\_\_\_\_  
Name: Brian Schneider  
Title: Board President

***[ALL SIGNATURES MUST BE NOTARIZED]***

**Appendix C**  
**Performance Deed of Trust and Declaration of Restrictions**  
**(Sample)**

**EXHIBIT A**  
(Legal Description of the Property)

A LEASEHOLD INTEREST IN THE FOLLOWING LAND SITUATED IN THE CITY OF  
SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,  
DESCRIBED AS FOLLOWS:

Street Address: 921-923 Lincoln Way, San Francisco CA



**Appendix D**  
**SECURED PROMISSORY NOTE**

Principal Amount: (\$4,669,814)

San Francisco, CA

Date: \_\_\_\_, 2024

FOR VALUE RECEIVED, the undersigned, BAKER PLACES, INC., a California nonprofit public benefit corporation ("**Maker**"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "**Holder**"), the principal sum of Four Million Six Hundred Sixty-Nine Thousand Eight Hundred Fourteen and No/100 Dollars (\$4,669,814) (the "**Loan** ") (after accounting for the sale of 333 7th street), together with interest thereon, as provided in this Note.

1. Agreement. This Secured Promissory Note ("**Note**") is given under the terms of that certain Repayment Agreement by and between Maker and Holder, dated as of the date of this Note, as the Agreement may be amended from time to time (the "**Agreement**"), which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by (i) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, with respect to real property located at 921-923 Lincoln Way, San Francisco, California, and (ii) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, with respect to real property located at 673 San Jose Ave, San Francisco, California, each dated as of the date of this Note and executed by Maker for the benefit of Holder (collectively, the "**Deeds of Trust**" and each a "**Deed of Trust**"). The Agreement, the Deed of Trust, this Note together with any other agreement entered into in connection with the Loan are hereinafter collectively referred to as the "**City Documents**." Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of One and Twelve Hundredths Percent (1.12%) per annum, from the date of this Note through the date of full payment of all amounts owing under the City Documents.

3. [Omitted].

4. Repayment of the Loan. Maker must make payments of principal and interest in monthly installments (each, a "**Payment**") equal to the amount specified in the Agreement, which amount is also shown on the amortization schedule attached hereto as Exhibit A, and incorporated herein by this reference, on the dates specified therein (each a "**Payment Date**"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with accrued and unpaid interest and unpaid fees and costs incurred, will be due and payable on the date that is twenty-third (23<sup>rd</sup>) anniversary of the first payment date, as set forth on Exhibit A (the "**Maturity Date**"). Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to

fall on the next succeeding business day. To the extent there is any inconsistency between Exhibit A and the Agreement, the Agreement shall control.

5. Security. Maker's obligations under this Note are secured by the Deeds of Trust. In the event that one Deed of Trust is released by Holder, then Maker's obligations hereunder shall be secured by the remaining Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at 101 Grove Street, Room #308, San Francisco, CA 94102, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other City Document.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

***[SIGNATURES APPEAR ON FOLLOWING PAGE]***

IN WITNESS WHEREOF, Maker has executed this Note as of the date first above written.

**“MAKER”**

BAKER PLACES, INC.,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Teng Chuan  
Chief Executive Officer

By: \_\_\_\_\_  
Brian Schneider  
President

**Amortization Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
1	Apr-24	\$ 4,669,814	\$ 4,358	\$ 20,100	\$ 4,654,073	N
2	May-24	\$ 4,654,073	\$ 4,344	\$ 20,100	\$ 4,638,317	N
3	Jun-24	\$ 4,638,317	\$ 4,329	\$ 20,100	\$ 4,622,546	N
4	Jul-24	\$ 4,622,546	\$ 4,314	\$ 20,100	\$ 4,606,760	N
5	Aug-24	\$ 4,606,760	\$ 4,300	\$ 20,100	\$ 4,590,960	N
6	Sep-24	\$ 4,590,960	\$ 4,285	\$ 20,100	\$ 4,575,145	N
7	Oct-24	\$ 4,575,145	\$ 4,270	\$ 20,100	\$ 4,559,315	N
8	Nov-24	\$ 4,559,315	\$ 4,255	\$ 20,100	\$ 4,543,470	N
9	Dec-24	\$ 4,543,470	\$ 4,241	\$ 20,100	\$ 4,527,611	N
10	Jan-25	\$ 4,527,611	\$ 4,226	\$ 20,100	\$ 4,511,736	N
11	Feb-25	\$ 4,511,736	\$ 4,211	\$ 20,100	\$ 4,495,847	N
12	Mar-25	\$ 4,495,847	\$ 4,196	\$ 20,100	\$ 4,479,943	N
13	Apr-25	\$ 4,479,943	\$ 4,181	\$ 20,100	\$ 4,464,025	N
14	May-25	\$ 4,464,025	\$ 4,166	\$ 20,100	\$ 4,448,091	N
15	Jun-25	\$ 4,448,091	\$ 4,152	\$ 20,100	\$ 4,432,143	N
16	Jul-25	\$ 4,432,143	\$ 4,137	\$ 20,100	\$ 4,416,179	N
17	Aug-25	\$ 4,416,179	\$ 4,122	\$ 20,100	\$ 4,400,201	N
18	Sep-25	\$ 4,400,201	\$ 4,107	\$ 20,100	\$ 4,384,208	N
19	Oct-25	\$ 4,384,208	\$ 4,092	\$ 20,100	\$ 4,368,200	N
20	Nov-25	\$ 4,368,200	\$ 4,077	\$ 20,100	\$ 4,352,177	N
21	Dec-25	\$ 4,352,177	\$ 4,062	\$ 20,100	\$ 4,336,139	N
22	Jan-26	\$ 4,336,139	\$ 4,047	\$ 20,100	\$ 4,320,086	N
23	Feb-26	\$ 4,320,086	\$ 4,032	\$ 20,100	\$ 4,304,018	N
24	Mar-26	\$ 4,304,018	\$ 4,017	\$ 20,100	\$ 4,287,935	N
25	Apr-26	\$ 4,287,935	\$ 4,002	\$ 20,100	\$ 4,271,837	N
26	May-26	\$ 4,271,837	\$ 3,987	\$ 20,100	\$ 4,255,724	N
27	Jun-26	\$ 4,255,724	\$ 3,972	\$ 20,100	\$ 4,239,596	N
28	Jul-26	\$ 4,239,596	\$ 3,957	\$ 20,100	\$ 4,223,453	N
29	Aug-26	\$ 4,223,453	\$ 3,942	\$ 20,100	\$ 4,207,295	N
30	Sep-26	\$ 4,207,295	\$ 3,927	\$ 20,100	\$ 4,191,122	N
31	Oct-26	\$ 4,191,122	\$ 3,912	\$ 20,100	\$ 4,174,934	N
32	Nov-26	\$ 4,174,934	\$ 3,897	\$ 20,100	\$ 4,158,730	N
33	Dec-26	\$ 4,158,730	\$ 3,881	\$ 20,100	\$ 4,142,512	N
34	Jan-27	\$ 4,142,512	\$ 3,866	\$ 20,100	\$ 4,126,278	N
35	Feb-27	\$ 4,126,278	\$ 3,851	\$ 20,100	\$ 4,110,029	N
36	Mar-27	\$ 4,110,029	\$ 3,836	\$ 20,100	\$ 4,093,765	N
37	Apr-27	\$ 4,093,765	\$ 3,821	\$ 20,100	\$ 4,077,486	N
38	May-27	\$ 4,077,486	\$ 3,806	\$ 20,100	\$ 4,061,192	N
39	Jun-27	\$ 4,061,192	\$ 3,790	\$ 20,100	\$ 4,044,882	N
40	Jul-27	\$ 4,044,882	\$ 3,775	\$ 20,100	\$ 4,028,557	N
41	Aug-27	\$ 4,028,557	\$ 3,760	\$ 20,100	\$ 4,012,217	N
42	Sep-27	\$ 4,012,217	\$ 3,745	\$ 20,100	\$ 3,995,862	N
43	Oct-27	\$ 3,995,862	\$ 3,729	\$ 20,100	\$ 3,979,492	N

**Amortization Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
44	Nov-27	\$ 3,979,492	\$ 3,714	\$ 20,100	\$ 3,963,106	N
45	Dec-27	\$ 3,963,106	\$ 3,699	\$ 20,100	\$ 3,946,705	N
46	Jan-28	\$ 3,946,705	\$ 3,684	\$ 20,100	\$ 3,930,288	N
47	Feb-28	\$ 3,930,288	\$ 3,668	\$ 20,100	\$ 3,913,857	N
48	Mar-28	\$ 3,913,857	\$ 3,653	\$ 20,100	\$ 3,897,410	N
49	Apr-28	\$ 3,897,410	\$ 3,638	\$ 20,100	\$ 3,880,947	N
50	May-28	\$ 3,880,947	\$ 3,622	\$ 20,100	\$ 3,864,469	N
51	Jun-28	\$ 3,864,469	\$ 3,607	\$ 20,100	\$ 3,847,976	N
52	Jul-28	\$ 3,847,976	\$ 3,591	\$ 20,100	\$ 3,831,468	N
53	Aug-28	\$ 3,831,468	\$ 3,576	\$ 20,100	\$ 3,814,944	N
54	Sep-28	\$ 3,814,944	\$ 3,561	\$ 20,100	\$ 3,798,404	N
55	Oct-28	\$ 3,798,404	\$ 3,545	\$ 20,100	\$ 3,781,849	N
56	Nov-28	\$ 3,781,849	\$ 3,530	\$ 20,100	\$ 3,765,279	N
57	Dec-28	\$ 3,765,279	\$ 3,514	\$ 20,100	\$ 3,748,693	N
58	Jan-29	\$ 3,748,693	\$ 3,499	\$ 20,100	\$ 3,732,092	N
59	Feb-29	\$ 3,732,092	\$ 3,483	\$ 20,100	\$ 3,715,476	N
60	Mar-29	\$ 3,715,476	\$ 3,468	\$ 20,100	\$ 3,698,843	N
61	Apr-29	\$ 3,698,843	\$ 3,452	\$ 20,100	\$ 3,682,196	N
62	May-29	\$ 3,682,196	\$ 3,437	\$ 20,100	\$ 3,665,532	N
63	Jun-29	\$ 3,665,532	\$ 3,421	\$ 20,100	\$ 3,648,853	N
64	Jul-29	\$ 3,648,853	\$ 3,406	\$ 20,100	\$ 3,632,159	N
65	Aug-29	\$ 3,632,159	\$ 3,390	\$ 20,100	\$ 3,615,449	N
66	Sep-29	\$ 3,615,449	\$ 3,374	\$ 20,100	\$ 3,598,723	N
67	Oct-29	\$ 3,598,723	\$ 3,359	\$ 20,100	\$ 3,581,982	N
68	Nov-29	\$ 3,581,982	\$ 3,343	\$ 20,100	\$ 3,565,225	N
69	Dec-29	\$ 3,565,225	\$ 3,328	\$ 20,100	\$ 3,548,453	N
70	Jan-30	\$ 3,548,453	\$ 3,312	\$ 20,100	\$ 3,531,665	N
71	Feb-30	\$ 3,531,665	\$ 3,296	\$ 20,100	\$ 3,514,861	N
72	Mar-30	\$ 3,514,861	\$ 3,281	\$ 20,100	\$ 3,498,042	N
73	Apr-30	\$ 3,498,042	\$ 3,265	\$ 20,100	\$ 3,481,206	N
74	May-30	\$ 3,481,206	\$ 3,249	\$ 20,100	\$ 3,464,356	N
75	Jun-30	\$ 3,464,356	\$ 3,233	\$ 20,100	\$ 3,447,489	N
76	Jul-30	\$ 3,447,489	\$ 3,218	\$ 20,100	\$ 3,430,607	N
77	Aug-30	\$ 3,430,607	\$ 3,202	\$ 20,100	\$ 3,413,709	N
78	Sep-30	\$ 3,413,709	\$ 3,186	\$ 20,100	\$ 3,396,795	N
79	Oct-30	\$ 3,396,795	\$ 3,170	\$ 20,100	\$ 3,379,865	N
80	Nov-30	\$ 3,379,865	\$ 3,155	\$ 20,100	\$ 3,362,920	N
81	Dec-30	\$ 3,362,920	\$ 3,139	\$ 20,100	\$ 3,345,958	N
82	Jan-31	\$ 3,345,958	\$ 3,123	\$ 20,100	\$ 3,328,981	N
83	Feb-31	\$ 3,328,981	\$ 3,107	\$ 20,100	\$ 3,311,988	N
84	Mar-31	\$ 3,311,988	\$ 3,091	\$ 20,100	\$ 3,294,979	N
85	Apr-31	\$ 3,294,979	\$ 3,075	\$ 20,100	\$ 3,277,955	N
86	May-31	\$ 3,277,955	\$ 3,059	\$ 20,100	\$ 3,260,914	N

**Amortization Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
87	Jun-31	\$ 3,260,914	\$ 3,044	\$ 20,100	\$ 3,243,858	N
88	Jul-31	\$ 3,243,858	\$ 3,028	\$ 20,100	\$ 3,226,785	N
89	Aug-31	\$ 3,226,785	\$ 3,012	\$ 20,100	\$ 3,209,697	N
90	Sep-31	\$ 3,209,697	\$ 2,996	\$ 20,100	\$ 3,192,593	N
91	Oct-31	\$ 3,192,593	\$ 2,980	\$ 20,100	\$ 3,175,472	N
92	Nov-31	\$ 3,175,472	\$ 2,964	\$ 20,100	\$ 3,158,336	N
93	Dec-31	\$ 3,158,336	\$ 2,948	\$ 20,100	\$ 3,141,184	N
94	Jan-32	\$ 3,141,184	\$ 2,932	\$ 20,100	\$ 3,124,016	N
95	Feb-32	\$ 3,124,016	\$ 2,916	\$ 20,100	\$ 3,106,831	N
96	Mar-32	\$ 3,106,831	\$ 2,900	\$ 20,100	\$ 3,089,631	N
97	Apr-32	\$ 3,089,631	\$ 2,884	\$ 20,100	\$ 3,072,415	N
98	May-32	\$ 3,072,415	\$ 2,868	\$ 20,100	\$ 3,055,182	N
99	Jun-32	\$ 3,055,182	\$ 2,852	\$ 20,100	\$ 3,037,934	N
100	Jul-32	\$ 3,037,934	\$ 2,835	\$ 20,100	\$ 3,020,669	N
101	Aug-32	\$ 3,020,669	\$ 2,819	\$ 20,100	\$ 3,003,389	N
102	Sep-32	\$ 3,003,389	\$ 2,803	\$ 20,100	\$ 2,986,092	N
103	Oct-32	\$ 2,986,092	\$ 2,787	\$ 20,100	\$ 2,968,779	N
104	Nov-32	\$ 2,968,779	\$ 2,771	\$ 20,100	\$ 2,951,450	N
105	Dec-32	\$ 2,951,450	\$ 2,755	\$ 20,100	\$ 2,934,104	N
106	Jan-33	\$ 2,934,104	\$ 2,738	\$ 20,100	\$ 2,916,743	N
107	Feb-33	\$ 2,916,743	\$ 2,722	\$ 20,100	\$ 2,899,365	N
108	Mar-33	\$ 2,899,365	\$ 2,706	\$ 20,100	\$ 2,881,971	N
109	Apr-33	\$ 2,881,971	\$ 2,690	\$ 20,100	\$ 2,864,561	N
110	May-33	\$ 2,864,561	\$ 2,674	\$ 20,100	\$ 2,847,135	N
111	Jun-33	\$ 2,847,135	\$ 2,657	\$ 20,100	\$ 2,829,692	N
112	Jul-33	\$ 2,829,692	\$ 2,641	\$ 20,100	\$ 2,812,233	N
113	Aug-33	\$ 2,812,233	\$ 2,625	\$ 20,100	\$ 2,794,758	N
114	Sep-33	\$ 2,794,758	\$ 2,608	\$ 20,100	\$ 2,777,266	N
115	Oct-33	\$ 2,777,266	\$ 2,592	\$ 20,100	\$ 2,759,758	N
116	Nov-33	\$ 2,759,758	\$ 2,576	\$ 20,100	\$ 2,742,234	N
117	Dec-33	\$ 2,742,234	\$ 2,559	\$ 20,100	\$ 2,724,694	N
118	Jan-34	\$ 2,724,694	\$ 2,543	\$ 20,100	\$ 2,707,137	N
119	Feb-34	\$ 2,707,137	\$ 2,527	\$ 20,100	\$ 2,689,563	N
120	Mar-34	\$ 2,689,563	\$ 2,510	\$ 20,100	\$ 2,671,974	N
121	Apr-34	\$ 2,671,974	\$ 2,494	\$ 20,100	\$ 2,654,367	N
122	May-34	\$ 2,654,367	\$ 2,477	\$ 20,100	\$ 2,636,745	N
123	Jun-34	\$ 2,636,745	\$ 2,461	\$ 20,100	\$ 2,619,106	N
124	Jul-34	\$ 2,619,106	\$ 2,444	\$ 20,100	\$ 2,601,450	N
125	Aug-34	\$ 2,601,450	\$ 2,428	\$ 20,100	\$ 2,583,778	N
126	Sep-34	\$ 2,583,778	\$ 2,412	\$ 20,100	\$ 2,566,090	N
127	Oct-34	\$ 2,566,090	\$ 2,395	\$ 20,100	\$ 2,548,385	N
128	Nov-34	\$ 2,548,385	\$ 2,378	\$ 20,100	\$ 2,530,663	N
129	Dec-34	\$ 2,530,663	\$ 2,362	\$ 20,100	\$ 2,512,925	N

**Amortization Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
130	Jan-35	\$ 2,512,925	\$ 2,345	\$ 20,100	\$ 2,495,171	N
131	Feb-35	\$ 2,495,171	\$ 2,329	\$ 20,100	\$ 2,477,399	N
132	Mar-35	\$ 2,477,399	\$ 2,312	\$ 20,100	\$ 2,459,612	N
133	Apr-35	\$ 2,459,612	\$ 2,296	\$ 20,100	\$ 2,441,807	N
134	May-35	\$ 2,441,807	\$ 2,279	\$ 20,100	\$ 2,423,986	N
135	Jun-35	\$ 2,423,986	\$ 2,262	\$ 20,100	\$ 2,406,149	N
136	Jul-35	\$ 2,406,149	\$ 2,246	\$ 20,100	\$ 2,388,294	N
137	Aug-35	\$ 2,388,294	\$ 2,229	\$ 20,100	\$ 2,370,424	N
138	Sep-35	\$ 2,370,424	\$ 2,212	\$ 20,100	\$ 2,352,536	N
139	Oct-35	\$ 2,352,536	\$ 2,196	\$ 20,100	\$ 2,334,632	N
140	Nov-35	\$ 2,334,632	\$ 2,179	\$ 20,100	\$ 2,316,711	N
141	Dec-35	\$ 2,316,711	\$ 2,162	\$ 20,100	\$ 2,298,773	N
142	Jan-36	\$ 2,298,773	\$ 2,146	\$ 20,100	\$ 2,280,818	N
143	Feb-36	\$ 2,280,818	\$ 2,129	\$ 20,100	\$ 2,262,847	N
144	Mar-36	\$ 2,262,847	\$ 2,112	\$ 20,100	\$ 2,244,859	N
145	Apr-36	\$ 2,244,859	\$ 2,095	\$ 20,100	\$ 2,226,854	N
146	May-36	\$ 2,226,854	\$ 2,078	\$ 20,100	\$ 2,208,833	N
147	Jun-36	\$ 2,208,833	\$ 2,062	\$ 20,100	\$ 2,190,794	N
148	Jul-36	\$ 2,190,794	\$ 2,045	\$ 20,100	\$ 2,172,739	N
149	Aug-36	\$ 2,172,739	\$ 2,028	\$ 20,100	\$ 2,154,667	N
150	Sep-36	\$ 2,154,667	\$ 2,011	\$ 20,100	\$ 2,136,578	N
151	Oct-36	\$ 2,136,578	\$ 1,994	\$ 20,100	\$ 2,118,472	N
152	Nov-36	\$ 2,118,472	\$ 1,977	\$ 20,100	\$ 2,100,349	N
153	Dec-36	\$ 2,100,349	\$ 1,960	\$ 20,100	\$ 2,082,210	N
154	Jan-37	\$ 2,082,210	\$ 1,943	\$ 20,100	\$ 2,064,053	N
155	Feb-37	\$ 2,064,053	\$ 1,926	\$ 20,100	\$ 2,045,880	N
156	Mar-37	\$ 2,045,880	\$ 1,909	\$ 20,100	\$ 2,027,689	N
157	Apr-37	\$ 2,027,689	\$ 1,893	\$ 20,100	\$ 2,009,482	N
158	May-37	\$ 2,009,482	\$ 1,876	\$ 20,100	\$ 1,991,257	N
159	Jun-37	\$ 1,991,257	\$ 1,859	\$ 20,100	\$ 1,973,016	N
160	Jul-37	\$ 1,973,016	\$ 1,841	\$ 20,100	\$ 1,954,757	N
161	Aug-37	\$ 1,954,757	\$ 1,824	\$ 20,100	\$ 1,936,482	N
162	Sep-37	\$ 1,936,482	\$ 1,807	\$ 20,100	\$ 1,918,189	N
163	Oct-37	\$ 1,918,189	\$ 1,790	\$ 20,100	\$ 1,899,879	N
164	Nov-37	\$ 1,899,879	\$ 1,773	\$ 20,100	\$ 1,881,552	N
165	Dec-37	\$ 1,881,552	\$ 1,756	\$ 20,100	\$ 1,863,209	N
166	Jan-38	\$ 1,863,209	\$ 1,739	\$ 20,100	\$ 1,844,848	N
167	Feb-38	\$ 1,844,848	\$ 1,722	\$ 20,100	\$ 1,826,469	N
168	Mar-38	\$ 1,826,469	\$ 1,705	\$ 20,100	\$ 1,808,074	N
169	Apr-38	\$ 1,808,074	\$ 1,688	\$ 20,100	\$ 1,789,662	N
170	May-38	\$ 1,789,662	\$ 1,670	\$ 20,100	\$ 1,771,232	N
171	Jun-38	\$ 1,771,232	\$ 1,653	\$ 20,100	\$ 1,752,785	N
172	Jul-38	\$ 1,752,785	\$ 1,636	\$ 20,100	\$ 1,734,321	N



**Amortization Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
173	Aug-38	\$ 1,734,321	\$ 1,619	\$ 20,100	\$ 1,715,840	N
174	Sep-38	\$ 1,715,840	\$ 1,601	\$ 20,100	\$ 1,697,341	N
175	Oct-38	\$ 1,697,341	\$ 1,584	\$ 20,100	\$ 1,678,825	N
176	Nov-38	\$ 1,678,825	\$ 1,567	\$ 20,100	\$ 1,660,292	N
177	Dec-38	\$ 1,660,292	\$ 1,550	\$ 20,100	\$ 1,641,742	N
178	Jan-39	\$ 1,641,742	\$ 1,532	\$ 20,100	\$ 1,623,174	N
179	Feb-39	\$ 1,623,174	\$ 1,515	\$ 20,100	\$ 1,604,589	N
180	Mar-39	\$ 1,604,589	\$ 1,498	\$ 20,100	\$ 1,585,987	N
181	Apr-39	\$ 1,585,987	\$ 1,480	\$ 20,100	\$ 1,567,367	N
182	May-39	\$ 1,567,367	\$ 1,463	\$ 20,100	\$ 1,548,730	N
183	Jun-39	\$ 1,548,730	\$ 1,445	\$ 20,100	\$ 1,530,075	N
184	Jul-39	\$ 1,530,075	\$ 1,428	\$ 20,100	\$ 1,511,403	N
185	Aug-39	\$ 1,511,403	\$ 1,411	\$ 20,100	\$ 1,492,714	N
186	Sep-39	\$ 1,492,714	\$ 1,393	\$ 20,100	\$ 1,474,007	N
187	Oct-39	\$ 1,474,007	\$ 1,376	\$ 20,100	\$ 1,455,283	N
188	Nov-39	\$ 1,455,283	\$ 1,358	\$ 20,100	\$ 1,436,541	N
189	Dec-39	\$ 1,436,541	\$ 1,341	\$ 20,100	\$ 1,417,782	N
190	Jan-40	\$ 1,417,782	\$ 1,323	\$ 20,100	\$ 1,399,005	N
191	Feb-40	\$ 1,399,005	\$ 1,306	\$ 20,100	\$ 1,380,211	N
192	Mar-40	\$ 1,380,211	\$ 1,288	\$ 20,100	\$ 1,361,399	N
193	Apr-40	\$ 1,361,399	\$ 1,271	\$ 20,100	\$ 1,342,570	N
194	May-40	\$ 1,342,570	\$ 1,253	\$ 20,100	\$ 1,323,723	N
195	Jun-40	\$ 1,323,723	\$ 1,235	\$ 20,100	\$ 1,304,858	N
196	Jul-40	\$ 1,304,858	\$ 1,218	\$ 20,100	\$ 1,285,976	N
197	Aug-40	\$ 1,285,976	\$ 1,200	\$ 20,100	\$ 1,267,077	N
198	Sep-40	\$ 1,267,077	\$ 1,183	\$ 20,100	\$ 1,248,159	N
199	Oct-40	\$ 1,248,159	\$ 1,165	\$ 20,100	\$ 1,229,224	N
200	Nov-40	\$ 1,229,224	\$ 1,147	\$ 20,100	\$ 1,210,271	N
201	Dec-40	\$ 1,210,271	\$ 1,130	\$ 20,100	\$ 1,191,301	N
202	Jan-41	\$ 1,191,301	\$ 1,112	\$ 20,100	\$ 1,172,313	N
203	Feb-41	\$ 1,172,313	\$ 1,094	\$ 20,100	\$ 1,153,307	N
204	Mar-41	\$ 1,153,307	\$ 1,076	\$ 20,100	\$ 1,134,283	N
205	Apr-41	\$ 1,134,283	\$ 1,059	\$ 20,100	\$ 1,115,242	N
206	May-41	\$ 1,115,242	\$ 1,041	\$ 20,100	\$ 1,096,183	N
207	Jun-41	\$ 1,096,183	\$ 1,023	\$ 20,100	\$ 1,077,106	N
208	Jul-41	\$ 1,077,106	\$ 1,005	\$ 20,100	\$ 1,058,011	N
209	Aug-41	\$ 1,058,011	\$ 987	\$ 20,100	\$ 1,038,899	N
210	Sep-41	\$ 1,038,899	\$ 970	\$ 20,100	\$ 1,019,769	N
211	Oct-41	\$ 1,019,769	\$ 952	\$ 20,100	\$ 1,000,620	N
212	Nov-41	\$ 1,000,620	\$ 934	\$ 20,100	\$ 981,454	N
213	Dec-41	\$ 981,454	\$ 916	\$ 20,100	\$ 962,270	N
214	Jan-42	\$ 962,270	\$ 898	\$ 20,100	\$ 943,068	N
215	Feb-42	\$ 943,068	\$ 880	\$ 20,100	\$ 923,849	N

**Amortization Schedule**

<b>Month #</b>		<b>Starting Balance</b>	<b>Interest</b>	<b>Pmt</b>	<b>Ending balance</b>	<b>Paid off?</b>
216	Mar-42	\$ 923,849	\$ 862	\$ 20,100	\$ 904,611	N
217	Apr-42	\$ 904,611	\$ 844	\$ 20,100	\$ 885,355	N
218	May-42	\$ 885,355	\$ 826	\$ 20,100	\$ 866,081	N
219	Jun-42	\$ 866,081	\$ 808	\$ 20,100	\$ 846,790	N
220	Jul-42	\$ 846,790	\$ 790	\$ 20,100	\$ 827,480	N
221	Aug-42	\$ 827,480	\$ 772	\$ 20,100	\$ 808,152	N
222	Sep-42	\$ 808,152	\$ 754	\$ 20,100	\$ 788,807	N
223	Oct-42	\$ 788,807	\$ 736	\$ 20,100	\$ 769,443	N
224	Nov-42	\$ 769,443	\$ 718	\$ 20,100	\$ 750,061	N
225	Dec-42	\$ 750,061	\$ 700	\$ 20,100	\$ 730,661	N
226	Jan-43	\$ 730,661	\$ 682	\$ 20,100	\$ 711,243	N
227	Feb-43	\$ 711,243	\$ 664	\$ 20,100	\$ 691,807	N
228	Mar-43	\$ 691,807	\$ 646	\$ 20,100	\$ 672,353	N
229	Apr-43	\$ 672,353	\$ 628	\$ 20,100	\$ 652,880	N
230	May-43	\$ 652,880	\$ 609	\$ 20,100	\$ 633,389	N
231	Jun-43	\$ 633,389	\$ 591	\$ 20,100	\$ 613,881	N
232	Jul-43	\$ 613,881	\$ 573	\$ 20,100	\$ 594,354	N
233	Aug-43	\$ 594,354	\$ 555	\$ 20,100	\$ 574,808	N
234	Sep-43	\$ 574,808	\$ 536	\$ 20,100	\$ 555,245	N
235	Oct-43	\$ 555,245	\$ 518	\$ 20,100	\$ 535,663	N
236	Nov-43	\$ 535,663	\$ 500	\$ 20,100	\$ 516,063	N
237	Dec-43	\$ 516,063	\$ 482	\$ 20,100	\$ 496,445	N
238	Jan-44	\$ 496,445	\$ 463	\$ 20,100	\$ 476,808	N
239	Feb-44	\$ 476,808	\$ 445	\$ 20,100	\$ 457,153	N
240	Mar-44	\$ 457,153	\$ 427	\$ 20,100	\$ 437,480	N
241	Apr-44	\$ 437,480	\$ 408	\$ 20,100	\$ 417,788	N
242	May-44	\$ 417,788	\$ 390	\$ 20,100	\$ 398,078	N
243	Jun-44	\$ 398,078	\$ 372	\$ 20,100	\$ 378,349	N
244	Jun-44	\$ 378,349	\$ 353	\$ 20,100	\$ 358,603	N
245	Jul-44	\$ 358,603	\$ 335	\$ 20,100	\$ 338,837	N
246	Aug-44	\$ 338,837	\$ 316	\$ 20,100	\$ 319,054	N
247	Oct-44	\$ 319,054	\$ 298	\$ 20,100	\$ 299,251	N
248	Nov-44	\$ 299,251	\$ 279	\$ 20,100	\$ 279,431	N
249	Dec-44	\$ 279,431	\$ 261	\$ 20,100	\$ 259,591	N
250	Jan-45	\$ 259,591	\$ 242	\$ 20,100	\$ 239,734	N
251	Feb-45	\$ 239,734	\$ 224	\$ 20,100	\$ 219,857	N
252	Mar-45	\$ 219,857	\$ 205	\$ 20,100	\$ 199,963	N
253	Apr-45	\$ 199,963	\$ 187	\$ 20,100	\$ 180,049	N
254	May-45	\$ 180,049	\$ 168	\$ 20,100	\$ 160,117	N
255	Jun-45	\$ 160,117	\$ 149	\$ 20,100	\$ 140,167	N
256	Jul-45	\$ 140,167	\$ 131	\$ 20,100	\$ 120,198	N
257	Aug-45	\$ 120,198	\$ 112	\$ 20,100	\$ 100,210	N
258	Sep-45	\$ 100,210	\$ 94	\$ 20,100	\$ 80,203	N

Amortization Schedule

Month #		Starting Balance	Interest		Pmt	Ending balance	Paid off?
259	Oct-45	\$ 80,203	\$	75	\$ 20,100	\$ 60,178	N
260	Nov-45	\$ 60,178	\$	56	\$ 20,100	\$ 40,134	N
261	Dec-45	\$ 40,134	\$	37	\$ 20,100	\$ 20,072	N
262	Jan-46	\$ 20,072	\$	19	\$ 20,091	\$ -	Y

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between  
BAKER PLACES, INC.,  
a California nonprofit public benefit corporation,  
as Seller  
and  
CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation  
as Buyer

For the purchase and sale of  
333 7<sup>th</sup> Street  
San Francisco, California  
(Assessor's Block 3754, Lot 031)

February 20, 2024

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- EXHIBIT B – Personal Property Description
- EXHIBIT C – Grant Deed
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- EXHIBIT F – Apportionment Notice
- EXHIBIT G – Closing Certificate

## AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

(333 7<sup>th</sup> Street, San Francisco, CA, Assessor's Block 3754 Lot 031)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this "**Agreement**") dated for reference purposes only as of February 20, 2024, is by and between Baker Places, Inc., a California nonprofit public benefit corporation ("**Seller**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**Buyer**" or "**City**"), pursuant to Board of Supervisor's Resolution No. \_\_\_\_\_ adopted on, \_\_\_\_\_ 2024 and executed by the Mayor on \_\_\_\_\_ 2024.

IN CONSIDERATION of the mutual promises and obligations of the City and Seller contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged by Seller, Seller and City agree as follows:

### 1. PURCHASE AND SALE

#### 1.1 Property Included in Sale

Seller agrees to sell and convey to City, and City agrees to purchase from Seller, subject to the terms, covenants and conditions hereinafter set forth, the following:

(a) the real property consisting of approximately one thousand seven hundred forty-four ten-thousandths (0.1744) acres of land, located in the City and County of San Francisco, commonly known as 333 7<sup>th</sup> Street, Assessor's Block 3754, Lot 031, as more particularly described in the legal description attached hereto as Exhibit A (the "**Land**");

(b) all improvements and fixtures located on the Land, including, without limitation, (i) that certain 2-story office building containing approximately seven thousand, six hundred (7,600) square feet of net rentable area and commonly referred to as 333 7th Street, as well as all other buildings and structures located on the Land, all apparatus, equipment and appliances used in connection with the operation or occupancy of the Land and its improvements (collectively, the "**Improvements**");

(c) any and all rights, privileges, and easements incidental or appurtenant to the Land or Improvements, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Land, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Land, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land or Improvements, and any and all of Seller's right, title and interest in and to all roads and alleys adjoining or servicing the Land or Improvements (collectively, the "**Appurtenances**");

All of the items referred to in Subsections (a), (b), and (c) above are collectively referred to as the "**Property**."

### 2. PURCHASE PRICE

#### 2.1 Purchase Price

The total purchase price for the Property is Three Million Dollars (\$3,000,000.00) (the "**Purchase Price**"), as supported by an appraisal obtained and approved by Buyer during the Due Diligence Period as a condition of this sale.



## 2.2 Independent Consideration

Within ten (10) business days after the Effective Date (as defined herein), City shall deposit with Title Company One Hundred Dollars (\$100.00) (the "**Independent Consideration**"). Buyer and Seller have bargained for and agree that the Independent Consideration is consideration for Buyer's rights under this Agreement and for Seller providing the Due Diligence Period to Buyer. Upon receipt, the Title Company shall immediately release the Independent Consideration to Seller, and notwithstanding any provision in this Agreement to the contrary, the Independent Consideration shall be nonrefundable to Buyer in all circumstances.

## 2.3 Payment

On the Closing Date (as defined in Section 6.2 [Closing Date]), City shall pay the Purchase Price, adjusted pursuant to the provisions of Article 7 [Expenses and Taxes], and reduced by any credits due to City hereunder.

Seller acknowledges and agrees that if Seller fails at Closing to deliver to City the documents required under Sections 6.3(c) and 6.3(d) [Seller's Delivery of Documents], City may be required to withhold a portion of the Purchase Price pursuant to Section 1445 of the United States Internal Revenue Code of 1986, as amended (the "**Federal Tax Code**"), or Section 18662 of the California Revenue and Taxation Code (the "**State Tax Code**"). Any amount properly so withheld by City shall be deemed to have been paid by City as part of the Purchase Price, and Seller's obligation to consummate the transaction contemplated herein shall not be excused or otherwise affected thereby.

## 2.4 Funds

All payments made by any party hereto shall be in legal tender of the United States of America, paid by Controller's warrant or in cash or by wire transfer of immediately available funds to Title Company (as defined in Section 3.2 [Title Insurance]), as escrow agent.

# 3. TITLE TO THE PROPERTY

## 3.1 Conveyance of Title to the Property

At the Closing, Seller shall convey to City, marketable and insurable fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the "**Deed**"), subject to the Accepted Conditions of Title (as defined in Section 3.2 [Title Insurance]).

## 3.2 Title Insurance

Delivery of title in accordance with the preceding Section shall be evidenced by the commitment of Old Republic Title Company (the "**Title Company**") to issue to City an ALTA extended coverage owner's policy of title insurance (Form ALTA 2006 – updated 6/17/2006), approved by City (the "**Title Policy**") in the amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements in City free of the liens of any and all deeds of trust, mortgages, assignments of rents, financing statements, rights of tenants or other occupants. The Title Policy shall provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Property, and shall contain an affirmative

endorsement that there are no violations of restrictive covenants, if any, affecting the Property and such other special endorsements as City may reasonably request. The Title Policy shall also provide for reinsurance with direct access with such companies and in such amounts as City may reasonably request.

#### **4. BUYER'S DUE DILIGENCE INVESTIGATIONS**

##### **4.1 Due Diligence and Time for Satisfaction of Conditions**

City has been given or will be given before the end of the Due Diligence Period (as defined below), a full opportunity to investigate the Property, either independently or through agents of City's own choosing, including, without limitation, the opportunity to conduct such appraisals, inspections, tests, audits, verifications, inventories, investigations and other due diligence regarding the economic, physical, environmental, title and legal conditions of the Property as City deems fit, as well as the suitability of the Property for City's intended uses. City and its Agents may commence due diligence investigations on the Property on or after the date this Agreement is executed by both parties hereto. The period for completion of all such investigations shall be five (5) days after Board of Supervisor and Mayor approval (the "**Due Diligence Period**"), subject to the terms and conditions provided hereinbelow; provided, however, that in no event shall the Due Diligence Period extend past ninety (90) days. In accordance with that certain Letter of Intent by and between City and Seller, dated July 12, 2023, and executed by the Parties on July 18, 2023 (the "**LOI**"), Seller agrees to deliver to City all of the plans, reports and documents material to the Property described under the terms of the LOI and, to the extent not provided as of the date hereof, Seller agrees to deliver to City all of the Documents and other items described in Sections 5.1(d) within ten (10) days after the date hereof; provided, that if Seller fails to do so, then the expiration of the Due Diligence Period shall be extended by the number of days after the end of such 10-day delivery period that Seller delivers all such items to City.

Notwithstanding anything in this Agreement to the contrary, City shall have the right to terminate this Agreement at any time during the Due Diligence Period upon written notice to Seller. In the event this Agreement terminates pursuant to Section 5.1 [City's Conditions to Closing] and such termination is due to City's material assumptions about the physical condition of the Property (including, without limitation, the environmental condition of the Property) which were made by City based on information provided by Seller, then Seller shall pay any reasonable title, escrow, inspection and legal costs and fees. Upon such termination, neither City nor Seller shall have any further rights or obligations hereunder, except as otherwise expressly provided herein and further except that City shall assign to Seller all inspection reports the fees for which covered under this Section to the extent they are assignable and to the extent Seller has reimbursed City for all of the foregoing fees and expenses. This Section is subject to, and shall not serve to modify or limit, any right or remedy of City arising under Section 5.1 [City's Conditions to Closing], of this Agreement.

##### **4.2 "AS-IS"**

Except for Seller's Representations, the Property is expressly purchased and sold "AS IS," "WHERE IS," and "WITH ALL FAULTS." The Purchase Price and the terms and conditions set forth herein are the result of arm's-length bargaining between entities familiar with transactions of this kind, and said price, terms and conditions reflect the fact that City shall have the benefit of, and is not relying upon, any information provided by Seller or statements, representations or warranties, express or implied, made by or enforceable directly against Seller, including, without limitation,

any relating to the value of the Property, the physical or environmental condition of the Property, any state, federal, county or local law, ordinance, order or permit; or the suitability, compliance or lack of compliance of the Property with any regulation, or any other attribute or matter of or relating to the Property (other than any covenants of title contained in the Deed conveying the Property and Seller's Representations).

## 5. ENTRY

During the Due Diligence Period and, at all times prior to the Closing Date, Seller shall afford City and its Agents reasonable access to the Property, upon not less than one (1) Business Day's advance notice to Seller, for the purposes of satisfying City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of the Conditions Precedent. Without Seller's prior written consent, which Seller may give or withhold in its absolute discretion, Buyer shall not conduct any Phase II exams, soil borings, testing or sampling of any surface or subsurface soils, water or other materials, or other invasive tests on or around the Property; (h) Buyer shall, at Buyer's sole cost and expense, promptly commence to restore (and thereafter diligently pursue to completion such restoration of) the Property or any portion thereof where Buyer or any its affiliates, agents or representatives have performed any inspections to the substantially same condition it was in prior to such inspection, failing which Seller may perform such restoration and Buyer shall promptly reimburse Seller for the reasonable, documented cost thereof.

### 5.1 City's Conditions to Closing

The following are conditions precedent to City's obligation to purchase the Property (collectively, "**City's Conditions Precedent**"):

(a) City shall have reviewed and approved title to the Property, as follows:

(i) Within ten (10) days after the date City and Seller have executed this Agreement, Seller shall deliver to City a current extended coverage preliminary report on the Real Property, issued by Title Company, accompanied by copies of all documents referred to in the report (collectively, the "**Preliminary Report**");

(ii) Within the period referred to in clause (i) above, Seller shall deliver to Buyer copies of any existing or proposed easements, covenants, restrictions, agreements or other documents that affect the Property known by Seller, and are not disclosed by the Preliminary Report; and

(iii) City may at its option arrange for an "as-built" survey of the Real Property and Improvements prepared by a licensed surveyor (the "**Survey**"). Such survey shall be acceptable to, and certified to, City and Title Company and in sufficient detail to provide the basis for and the Title Policy without boundary, encroachment or survey exceptions.

City shall advise Seller, prior to the end of the Due Diligence Period, what exceptions to title, if any, City is willing to accept (the "**Accepted Conditions of Title**"). City's failure to so advise Seller within such period shall be deemed disapproval of title. Seller shall have ten (10) days after receipt of City's notice of any objections to title to give City: (A) evidence satisfactory to City of the removal of all objectionable exceptions from title or that such exceptions will be removed or cured on or before the Closing; or (B) notice that Seller elects not to cause such exceptions to be removed. If Seller gives notice under clause (B), City shall have ten (10) business

days to elect to proceed with the purchase or terminate this Agreement. If City shall fail to give Seller notice of its election within such ten (10) days, City shall be deemed to have elected to terminate this Agreement. If Seller gives notice pursuant to clause (A) and fails to remove any such objectionable exceptions from title prior to the Closing Date, and City is unwilling to take title subject thereto, Seller shall be in default hereunder and City shall have the rights and remedies provided herein or at law or in equity;

(b) City's review and approval, within the Due Diligence Period, of the physical and environmental conditions of the Property, including, without limitation, structural, mechanical, electrical and other physical conditions of the Property. Such review may include an examination for the presence or absence of any Hazardous Material (as defined in Section 8.1(l));

(c) City's review and approval, within the Due Diligence Period, of the compliance of the Property with all applicable laws, regulations, permits and approvals;

(d) City's review and approval, within the Due Diligence Period, of (i) the following documents, all to the extent such documents exist, have not already been provided by Seller to City and are either in the possession or control of Seller or may be obtained by Seller through the exercise of commercially reasonable efforts: structural calculations for the Improvements; site plans; certified copies of the as-built plans and specifications for the Improvements; recent inspection reports by Seller's engineers; service contracts; utility contracts; maintenance contracts; employment contracts, management contracts; brokerage and leasing commission agreements which may continue after Closing; certificates of occupancy; presently effective warranties or guaranties received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repair or alteration of the Improvements or any tenant improvements; insurance policies, insurance certificates of tenants, and reports of insurance carriers insuring the Property and each portion thereof respecting the claims history of the Property; environmental reports, studies, surveys, tests and assessments; soils and geotechnical reports; seismic/structural studies and reports; records of the three most recent years (including partial years) of property operating expense budgets and expenditures, and other property-related financial records; notices of violation or regulatory non-compliance without confirmation of "no further action"; and any other contracts or documents of significance to the Property (collectively, the "**Documents**"); and (ii) such other information relating to the Property that is specifically requested by City of Seller in writing during the Due Diligence Period (collectively, the "**Other Information**");

(e) Seller shall not be in default in the performance of any covenant or agreement to be performed by Seller under this Agreement, and all of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date. At the Closing, Seller shall deliver to City a certificate in the form of Exhibit G attached hereto, certifying that each of Seller's representations and warranties contained in Section 8.1 Representations and Warranties of Seller below are true and correct as of the Closing Date ("**Seller's Closing Certificate**");

(f) The physical condition of the Property shall be substantially the same on the Closing Date as on the date of City's execution of this Agreement, reasonable wear and tear and loss by casualty excepted (subject to the provisions of Section 9.1 [Risk of Loss]), and, as of the Closing Date, there shall be no litigation or administrative agency or other governmental proceeding, pending or threatened, which after the Closing would materially adversely affect the value of the

Property or the ability of City to operate the Property for its intended use, and no proceedings shall be pending or threatened which could or would cause the change, re-designation or other modification of the zoning classification of, or of any building or environmental code requirements applicable to, any of the Property;

(g) Title Company shall be committed at the Closing to issue to City (i) the Title Policy as provided in Section 3.2 [Title Insurance] above;

(h) The City's Mayor and the Board of Supervisors, in the respective sole discretion of each, shall have enacted a resolution approving, adopting and authorizing this Agreement and the transactions, on or before the Closing Date;

(i) Seller shall have delivered the items described in Section 6.3[Seller's Delivery of Documents] below on or before the Closing; and

(j) Title Company shall have agreed to be the real estate reporting person for the Closing in compliance with the Reporting Requirements (as defined in Section 6.6 below).

The Conditions Precedent contained in the foregoing Subsections (a) through (j) are solely for the benefit of City. If any Condition Precedent is not satisfied, City shall have the right in its sole discretion either to waive in writing the Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement, provided that the Conditions Precedent described in item (h) above may not be waived. The waiver of any Condition Precedent shall not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant or agreement of Seller. If City shall not have approved or waived in writing all of the Conditions Precedent in items (a) through (d) by the end of the Due Diligence Period, then this Agreement shall automatically terminate. In addition, the Closing Date may be extended, at City's option, for a reasonable period of time, to allow such Conditions Precedent to be satisfied, subject to City's further right to terminate this Agreement upon the expiration of the period of any such extension if all such Conditions Precedent have not been satisfied.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of Seller or if a Condition Precedent cannot be fulfilled because Seller frustrated such fulfillment by some affirmative act or negligent omission, City may, at its sole election and after any applicable notice and cure period, either (1) terminate this Agreement by delivery of notice of termination to Seller, whereupon Seller shall pay to City any title, escrow, legal and inspection fees incurred by City and any other expenses incurred by City in connection with the performance of its due diligence review of the Property, up to Ten Thousand Dollars (\$10,000.00), and neither party shall have any further rights or obligations hereunder, or (2) continue this Agreement pending City's action for specific performance and/or damages hereunder, including, without limitation, City's costs and expenses incurred hereunder.

## **5.2 Seller's Conditions to Closing**

The following are conditions precedent to Seller's obligation to sell the Property (collectively, "**Seller's Conditions Precedent**"):

(a) City shall have performed and complied in all material respects with all of the terms of this Agreement to be performed and complied with by City prior to or at the Closing.

(b) City shall not be in default in the performance of any covenant or agreement to be performed by City under this Agreement, and all of City's representations and warranties

contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date. At the Closing, City shall deliver to Seller a certificate in the form of Exhibit G attached hereto, certifying that each of City's representations and warranties contained in Section 8.2 below are true and correct as of the Closing Date ("**City's Closing Certificate**");

(c) Seller shall have received confirmation from Title Company that it has received the payment of the Purchase Price in accordance with Section 1.2 (subject to the adjustments, apportionments and credits as provided for herein) and all other amounts due to Seller from City hereunder and that Title Company is in possession of written authorization from City to disburse such funds at the discretion of City at Closing.

In the event that any of the conditions set forth in this Section 5.2 have not been timely satisfied (in each case subject to the terms thereof), the same shall not be deemed a breach or default by City hereunder (unless such failure of a closing condition separately constitutes a breach or default of City under another Section of this Agreement) and Seller may elect to either (a) terminate this Agreement, or (b) waive the applicable condition(s) and proceed to the Closing. If Seller terminates this Agreement pursuant to this Section 5.2, then (a) City shall pay any escrow cancellation fees or charges, (b) except for City's indemnity and confidentiality obligations under this Agreement and any other obligations which expressly survive termination of this Agreement, the parties shall have no further rights or obligations to one another under this Agreement.

### **5.3 Cooperation with City**

Seller shall cooperate with City and do all acts as may be reasonably requested by City with regard to the fulfillment of any Conditions Precedent, including, without limitation, execution of any documents, applications or permits, but Seller's representations and warranties to City shall not be affected or released by City's waiver or fulfillment of any Condition Precedent. Seller hereby irrevocably authorizes City and its Agents to make all inquiries with and applications to any person or entity, including, without limitation, any regulatory authority with jurisdiction as City may reasonably require to complete its due diligence investigations.

## **6. ESCROW AND CLOSING**

### **6.1 Opening of Escrow**

On or before the Effective Date (as defined in Article 11 (General Provisions)), the parties shall open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement shall serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and City agree to execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement shall control.

### **6.2 Closing Date**

The consummation of the purchase and sale contemplated hereby (the "**Closing**") 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 Title Company, within ten (10) days after all of City's Conditions Precedent set forth in Section 5.1 [City's Conditions to Closing] or on such earlier date as City and Seller may

mutually agree (the "**Closing Date**"), subject to the provisions of Section 5.1 [City's Conditions to Closing]. City shall deliver to Seller a notice (i) stating that City's Conditions Precedent set forth in Section 5.1 [City's Conditions to Closing] have been satisfied and (ii) setting the Closing Date and Seller shall have delivered a notice to City stating that the Seller's Conditions Precedent in Section 5.2 have been satisfied. The Closing Date may not be extended without the prior written approval of both Seller and City, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Title Company shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, limit the provisions hereof or otherwise relieve either party hereto of any liability it may have for its wrongful failure to close.

### **6.3 Seller's Delivery of Documents**

At or before the Closing, Seller shall deliver to City through escrow, the following:

- (a) a duly executed and acknowledged Deed;
- (b) originals of the Documents and any other items relating to the ownership or operation of the Property not previously delivered to City;
- (c) a properly executed affidavit pursuant to Section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit E, and on which City is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code;
- (d) a properly executed California Franchise Tax Board Form 593 certifying that Seller is a California resident if Seller is an individual or Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation or other evidence satisfactory to City that Seller is exempt from the withholding requirements of Section 18662 of the State Tax Code;
- (e) such resolutions, authorizations, or other corporate documents or agreements relating to Seller as City or the Title Company may reasonably require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated hereby, and such proof of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller;
- (f) closing statement in form and content satisfactory to City;
- (g) Seller's Closing Certificate; and
- (h) such other instruments and funds as are reasonably required by City or are otherwise required to close the escrow and consummate the purchase of the Property pursuant to this Agreement.

### **6.4 City's Delivery of Documents and Funds**

At or before the Closing, City shall deliver to Seller through escrow the following:

- (a) an acceptance of the Deed executed by City's Director of Property;
- (b) City's Closing Certificate;
- (c) a closing statement in form and content satisfactory to City and Seller; and

(d) the Purchase Price, as provided in Article 2 hereof.

## **6.5 Other Documents**

Seller and City shall each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof. On or before the Closing Date, City shall deliver to the Title Company a statement for delivery to the County Tax Assessor in the form attached as **Exhibit F** (the "**Apportionment Notice**") Upon Closing, the Title Company will insert the Closing Date in the Apportionment Notice and send the Apportionment Notice to the County Tax Assessor in the jurisdiction in which the Property is located.

## **6.6 Title Company as Real Estate Reporting Person**

Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the "**Reporting Requirements**") require that certain information be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the Closing. Seller and City agree that if the Closing occurs, Title Company will be the party responsible for closing the transaction contemplated in this Agreement and is hereby designated as the real estate reporting person (as defined in the Reporting Requirements) for such transaction. Title Company shall perform all duties required of the real estate reporting person for the Closing under the Reporting Requirements, and Seller and City shall each timely furnish Title Company with any information reasonably requested by Title Company and necessary for the performance of its duties under the Reporting Requirements with respect to the Closing.

# **7. EXPENSES AND TAXES**

## **7.1 Apportionments**

The following are to be apportioned through escrow as of the Closing Date.

### **(a) Utility Charges**

Seller shall cause all the utility meters to be read on the Closing Date, and will be responsible for the cost of all utilities used prior to the Closing Date. All utility deposits paid by Seller shall remain the property of Seller and City shall reasonably cooperate to cause such deposits to be returned to Seller to the extent Seller is entitled thereto.

### **(b) Other Apportionments**

Amounts payable under any contracts assumed pursuant hereto, annual or periodic permit or inspection fees (calculated on the basis of the period covered), and liability for other normal Property operation and maintenance expenses and other recurring costs shall be apportioned as of the Closing Date.

## **7.2 Closing Costs**

City shall pay the cost of the Survey, the premium for the Title Policy and the cost of the endorsements thereto, and escrow and recording fees. City shall pay the cost of any City and County transfer taxes, to the extent applicable to the sale. Seller shall be responsible for all costs incurred in connection with the prepayment or satisfaction of any loan, bond or other indebtedness secured by the Property including, without limitation, any prepayment fees, penalties or charges. Any other



costs and charges of the escrow for the sale not otherwise provided for in this Section or elsewhere in this Agreement shall be allocated in accordance with the closing customs for San Francisco County, as determined by Title Company.

### **7.3 Real Estate Taxes and Special Assessments**

At or before the Closing, Seller will pay all general real estate taxes payable for the tax year in which the Closing occurs and all prior years. Seller may file claim with the City and County of San Francisco for a property tax refund for any taxes paid for the period from and after the Closing Date. At or before the Closing, Seller will pay the full amount of any special assessments against the Property, including, without limitation, interest payable thereon, applicable to the period prior the Closing Date. Seller will pay all hotel or other taxes applicable to the period prior the Closing Date. General real estate taxes payable for the tax year prior to year of Closing and all prior years shall be paid by Seller at or before the Closing. General real estate taxes payable for the tax year of the Closing shall be prorated through escrow by Seller and City as of the Closing Date. At or before the Closing, Seller shall pay the full amount of any special assessments against the Property, including, without limitation, interest payable thereon, applicable to the period prior the Closing Date.

### **7.4 Preliminary Closing Adjustment**

Seller and City shall jointly prepare a preliminary Closing adjustment on the basis of the Leases and other sources of income and expenses, and shall deliver such computation to Title Company prior to Closing.

### **7.5 Post-Closing Reconciliation**

If any of the foregoing prorations cannot be calculated accurately on the Closing Date, then they shall be calculated as soon after the Closing Date as feasible. Either party owing the other party a sum of money based on such subsequent prorations shall promptly pay such sum to the other party.

### **7.6 Survival**

The provisions of this Article 7 shall survive the Closing.

## **8. REPRESENTATIONS AND WARRANTIES**

### **8.1 Representations and Warranties of Seller**

The representations and warranties of Seller in this Section 8.1, in the closing documents to be delivered by it hereunder and in Seller's Closing Certificate (defined below) are a material inducement for City to enter into this Agreement. City would not purchase the Property from Seller without such representations and warranties of Seller. The representations and warranties in this Section 8.1 and in Seller's Closing Certificate shall survive the Closing for only twelve (12) months after the Closing Date (as applicable, the "**Survival Period**"), at which time such representations and warranties shall terminate, except as to claims of breach of such representations and warranties delivered to Seller prior to the expiration of the Survival Period. Seller represents and warrants to City as follows:

(a) To the best of Seller's knowledge, there are now, and at the time of the Closing will be, no material physical or mechanical defects of the Property, and no violations of any

laws, rules or regulations applicable to the Property, including, without limitation, any earthquake, life safety and handicap laws (including, but not limited to, the Americans with Disabilities Act).

(b) There are no warranties or guaranties to be assigned to Buyer, and the Documents and Other Information furnished to City are all of the relevant documents and information pertaining to the condition and operation of the Property to the extent available to Seller, and are and at the time of Closing will be to the best of Seller's knowledge are true, correct and complete copies of such documents.

(c) No document or instrument furnished and created by Seller, or to be created by the Seller and furnished to the City, in connection with this Agreement contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement shall have been made.

(d) Seller does not have knowledge of any condemnation, either instituted or planned to be instituted by any governmental or quasi-governmental agency other than City, which could detrimentally affect the use, operation or value of the Property.

(e) To Seller's knowledge, all water, sewer, gas, electric, telephone, and drainage facilities and all other utilities required by law or by the normal use and operation of the Property are and at the time of Closing will be installed to the property lines of the Property and are and at the time of Closing will be adequate to service the Property.

(f) There are no easements or rights of way which have been acquired by prescription or which are otherwise not of record with respect to the Property, and there are no easements, rights of way, permits, licenses or other forms of agreement which afford third parties the right to traverse any portion of the Property to gain access to other real property-other than those items shown on the Preliminary Report. To Seller's knowledge, there are no disputes with regard to the location of any fence or other monument of the Property's boundary nor any claims or actions involving the location of any fence or boundary.

(g) There is no litigation pending or, after due and diligent inquiry, to the best of Seller's knowledge, threatened, against Seller or any basis therefor that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or the ability of Seller to perform its obligations under this Agreement.

(h) Seller is the legal and equitable owner of the Property, with full right to convey the same, and without limiting the generality of the foregoing, Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any interest in any of the Property.

(i) Seller is a nonprofit corporation duly organized and validly existing under the laws of the State of California and is in good standing under the laws of the State of California; this Agreement and all documents executed by Seller which are to be delivered to City at the Closing are, or at the Closing will be, duly authorized, executed and delivered by Seller, are, or at the Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, are, and at the Closing will be, sufficient to convey good and marketable title

(if they purport to do so), and do not, and at the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

(j) Seller represents and warrants to City that it has not been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state or local governmental agency. In the event Seller 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 therefor, 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.

(k) Seller knows of no facts nor has Seller failed to disclose any fact that would prevent City from using and operating the Property after Closing in the normal manner in which it is intended.

(l) Seller hereby represents and warrants to City that the following statements are true and correct and will be true and correct as of the Closing Date:

(i) the Property is not in violation of any Environmental Laws; (ii) the Property is not now, nor to the best of Seller's knowledge has it ever been, used in any manner for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material; (iii) there has been no release and there is no threatened release of any Hazardous Material in, on, under or about the Property; (iv) there have not been and there are not now any underground storage tanks, septic tanks or wells or any aboveground storage tanks at any time used to store Hazardous Material located in, on or under the Property, or if there have been or are any such tanks or wells located on the Property, their location, type, age and content has been specifically identified in Seller's Environmental Disclosure, they have been properly registered with all appropriate authorities, they are in full compliance with all applicable statutes, ordinances and regulations, and they have not resulted in the release or threatened release of any Hazardous Material into the environment; (v) the Property does not consist of any landfill or of any building materials that contain Hazardous Material; and (vi) the Property is not subject to any claim by any governmental regulatory agency or third party related to the release or threatened release of any Hazardous Material, and there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in, on, under or about the Property, or the migration of Hazardous Material from or to other property. As used herein, the following terms shall have the meanings below:

(A) "Environmental Laws" shall mean any present or future federal, state or local laws, ordinances, regulations or policies relating to Hazardous Material (including, without limitation, their use, handling, transportation, production, disposal, discharge or storage) or to health and safety, industrial hygiene or environmental conditions in, on, under or about the Property, including, without limitation, soil, air and groundwater conditions.

(B) "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is 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. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("**CERCLA**"),

also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Improvements or are naturally occurring substances on or about the Property; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and "source," "special nuclear" and "by- product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

(C) "Release" or "threatened release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside any of the improvements, or in, on, under or about the Property. Release shall include, without limitation, "release" as defined in Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601).

(m) There are now, and at the time of Closing will be, no leases or other occupancy agreements affecting any of the Property. At the time of Closing there will be no outstanding written or oral contracts made by Seller for any of the Improvements that have not been fully paid for and Seller shall cause to be discharged all mechanics' or materialmen's liens arising from any labor or materials furnished to the Property prior to the time of Closing. There are no obligations in connection with the Property which will be binding upon City after Closing except for matters which are set forth in the Preliminary Report that have not been removed from title, as agreed upon by the parties hereto.

(n) Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code.

As used herein, "to Seller's knowledge," "to the knowledge of Seller" and similar phrases shall mean to the current actual knowledge of Chuan Teng, Seller's Chief Executive Officer.

## **8.2 Representations and Warranties of City**

The representations and warranties of City in this section 8.2, in the closing documents to be delivered by it hereunder and in City's Closing Certificate (as hereinafter defined) are a material inducement for Seller to enter into this Agreement. Seller would not sell the Property to City without such representations and warranties of City. City represents and warrants to Seller as follows:

(a) Upon adoption of the authorizing resolution that has been duly authorized by the San Francisco Board of Supervisors and approved by the Mayor, (i) City shall have full power and authority to enter into and perform this Agreement and (ii) the execution, delivery and performance of this Agreement by City will have been duly and validly authorized by all necessary action on the part of City prior to execution, and all required consents or approvals will have been duly obtained or will be obtained. This Agreement is a legal, valid and binding obligation of City, enforceable against City in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws affecting the rights of creditors generally.

(b) City is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code.

(c) The amounts payable by City to Seller hereunder are not and were not,

directly or indirectly, derived from activities in contravention of federal, state, or international laws and regulations (including, without limitation, anti-money laundering laws and regulations).

### 8.3 Indemnity

Each party, on behalf of itself and its successors and assigns (the “**Indemnitor**”), hereby agrees to indemnify, defend and hold harmless the other party, its Agents and their respective successors and assigns (the “**Indemnitee**”), from and against any and all liabilities, claims, demands, damages, liens, costs, penalties, losses and expenses, including, without limitation, reasonable attorneys' and consultants' fees, resulting from any material misrepresentation or material breach of warranty made by the Indemnitor in this Agreement or in any document, certificate, or exhibit given or delivered to the Indemnitee pursuant to or in connection with this Agreement. The foregoing indemnity includes, without limitation, costs incurred in connection with the investigation of site conditions and all activities required to locate, assess, evaluate, remediate, cleanup, remove, contain, treat, stabilize, monitor or otherwise control any Hazardous Material. The indemnification provisions of this Section shall survive beyond the Closing, or, if title is not transferred pursuant to this Agreement, beyond any termination of this Agreement, but in no event longer than any applicable statute of limitations for any cause of action brought pursuant this Agreement.

## 9. RISK OF LOSS AND POSSESSION

### 9.1 Risk of Loss

If any of the Property is damaged or destroyed prior to the Closing Date, or if condemnation proceedings are commenced against any of the Property, then the rights and obligations of Seller and City hereunder shall be as follows:

(a) If such damage or destruction is fully covered by Seller's insurance except for the deductible amount thereunder, and the insurer agrees to timely pay for the entire cost of such repair, and such damage or destruction would cost less than One Hundred Thousand Dollars (\$100,000) (the “**Threshold Damage Amount**”) to repair or restore, then this Agreement shall remain in full force and effect and City shall acquire the Property upon the terms and conditions set forth herein. In such event, City shall receive a credit against the Purchase Price equal to such deductible amount, and Seller shall assign to City at Closing all of Seller's right, title and interest in and to all proceeds of insurance on account of such damage or destruction pursuant to an instrument satisfactory to City.

(b) If such damage or destruction is not fully covered by Seller's insurance, other than the deductible amount, and would cost less than the Threshold Damage Amount to repair or restore, then the transaction contemplated by this Agreement shall be consummated with City receiving a credit against the Purchase Price at the Closing in an amount reasonably determined by Seller and City (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction.

(c) If the cost of such damage or destruction would equal or exceed the Threshold Damage Amount, or if condemnation proceedings are commenced against any of the Property, then, City shall have the right, at its election, either to terminate this Agreement in its entirety, or only as to that portion of the Property damaged or destroyed or subject to condemnation proceedings (in which case there shall be an equitable adjustment to the Purchase Price), or to not terminate this

Agreement and purchase the Property (or the portion not damaged or affected by condemnation, as the case may be). City shall have thirty (30) days after Seller notifies City that an event described in this Subsection (c) has occurred to make such election by delivery to Seller of an election notice. City's failure to deliver such notice within such thirty (30)-day period shall be deemed City's election to terminate this Agreement in its entirety. If this Agreement is terminated in its entirety or in part pursuant to this Subsection (c) by City's delivery of notice of termination to Seller, then City and Seller shall each be released from all obligations hereunder pertaining to that portion of the Property affected by such termination. If City elects not to terminate this Agreement, Seller shall notify City of Seller's intention to repair such damage or destruction, in which case this Agreement shall remain in full force and effect, or notify City of Seller's intention to give City a credit against the Purchase Price at the Closing in the amount reasonably determined by City and Seller (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction and, in the event of a result of such condemnation proceeding, the value of any Property taken as a result of such proceeding, in which case this Agreement shall otherwise remain in full force and effect, and Seller shall be entitled to any proceeds of insurance or condemnation awards. Any repairs elected to be made by Seller pursuant to this Subsection shall be made within one hundred eighty (180) days following such damage or destruction and the Closing shall be extended until the repairs are substantially completed. As used in this Section, the cost to repair or restore shall include the cost of lost rental revenue, including additional rent and base rent.

## **9.2 Insurance**

Through the Closing Date, Seller shall maintain or cause to be maintained, at Seller's sole cost and expense, a policy or policies of property insurance in amounts equal to the full replacement value of the Improvements, insuring against all insurable risks, including, without limitation, fire, vandalism, malicious mischief, lightning, windstorm, water, earthquake, flood and other perils customarily covered by casualty insurance and the costs of demolition and debris removal. Seller shall furnish City with evidence of such insurance upon request by City.

## **9.3 Possession**

Possession of the Property shall be delivered to City on the Closing Date.

# **10. MAINTENANCE; CONSENT TO NEW CONTRACTS**

## **10.1 Maintenance of the Property by Seller**

Between the date of Seller's execution of this Agreement and the Closing, Seller shall maintain the Property in good order, condition and repair, reasonable wear and tear excepted and shall make all repairs, maintenance and replacements of the Improvements and otherwise operate the Property in the same manner as before the making of this Agreement, as if Seller were retaining the Property.

## **10.2 City's Consent to New Contracts Affecting the Property; Termination of Existing Contracts**

After the date the Director of Property submits legislation for approval by City's Board of Supervisors of this Agreement/the Effective Date, Seller shall not enter into any Lease or contract, or any amendment thereof, or permit any tenant of the Property to enter into any sublease, assignment or agreement pertaining to the Property, without in each instance obtaining City's prior written consent thereto. City agrees that it shall not unreasonably withhold or delay any such

consent. Seller shall terminate prior to the Closing, at no cost or expense to City, any and all management agreements affecting the Property that City does not agree in writing prior to the Closing to assume.

## 11. GENERAL PROVISIONS

### 11.1 Notices

Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, against receipt,

(ii) one (1) day after being deposited with a reliable overnight courier service, or (iii) two (2) days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows:

City:

Real Estate Division  
City and County of San Francisco 25  
Van Ness Avenue, Suite 400 San  
Francisco, California 94102 Attn:  
Director of Property  
Re: **333 7<sup>th</sup> Street**  
Facsimile No.: (415) 552-9216

with copy to:

Deputy City Attorney Office of  
the City Attorney City Hall,  
Room 234  
1 Dr. Carlton B. Goodlett Place San  
Francisco, CA 94102-4682  
Re: 333 7<sup>th</sup> Street

Seller:

Baker Places, Inc.  
170 9<sup>th</sup> Street  
San Francisco, California 94013  
Attn: Marc Gannon & Chuan Teng  
Email: [marc.gannon@prcsf.org](mailto:marc.gannon@prcsf.org) and  
[chuan.teng@prcsf.org](mailto:chuan.teng@prcsf.org)

With a copy to:

Pillsbury Winthrop Shaw Pittman LLP  
909 Fannin St., Suite 2000  
Houston, TX 77010  
Attn: Cait Horner & Allan Van Vliet  
Email: [cait.horner@pillsburylaw.com](mailto:cait.horner@pillsburylaw.com)  
[allan.vanvliet@pillsburylaw.com](mailto:allan.vanvliet@pillsburylaw.com)

or to such other address as either party may from time to time specify in writing to the other upon five (5) days prior written notice in the manner provided above. For convenience of the parties, copies of notices may also be given by e-mail, to the telephone number listed above, or such other numbers as may be provided from time to time. However, neither party may give official or binding notice by facsimile. The effective time of a notice shall not be affected by the receipt, prior to receipt of the original, of a telefacsimile copy of the notice.

### **11.2 Brokers and Finders**

Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the purchase and sale contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his or her claim shall be responsible for such commission or fee and shall indemnify and hold harmless the other party from all claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified party in defending against the same. The provisions of this Section shall survive the Closing.

### **11.3 Successors and Assigns**

This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns.

### **11.4 Amendments**

Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by City and Seller.

### **11.5 Survival of Representations and Warranties**

All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to be, and shall remain, true and correct as of the Closing, shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement, in each case for no longer than twelve (12) months. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in conjunction with the transaction contemplated hereby shall constitute representations and warranties hereunder.

### **11.6 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Any legal suit, action, or proceeding arising out of or relating to this Agreement shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy



matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Agreement has been brought in an inconvenient forum.

### **11.7 Merger of Prior Agreements**

The parties intend that this Agreement (including all of the attached exhibits and schedules, which are incorporated into this Agreement by reference) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous oral or written agreements or understandings. The parties further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including, without limitation, prior drafts or changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

### **11.8 Merger**

Except as otherwise expressly provided herein, the obligations contained in this Agreement shall merge with the transfer of title to the Property.

### **11.9 Parties and Their Agents; Approvals**

The term "Seller" as used herein shall include the plural as well as the singular. If there is more than one (1) Seller, then the obligations under this Agreement imposed on Seller shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through City's Director of Property unless otherwise provided herein, subject to applicable law.

### **11.10 Interpretation of Agreement**

The article, section and other headings of this Agreement and the table of contents are for convenience of reference only and shall not affect the meaning or interpretation of any provision contained herein. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa, and each gender reference shall be deemed to include the other and the neuter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

### **11.11 Seller Tax Obligations**

Seller acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code ("**Delinquent Payment**"). If, under that authority, any payment City is required to make to Seller under this Agreement is withheld because Seller owes the City a Delinquent Payment, then City will not be in breach or default under this Agreement, and the Treasurer and Tax Collector will authorize release of any

payments withheld under this paragraph to Seller, without interest, late fees, penalties, or other charges, upon Seller coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

#### **11.12 Sunshine Ordinance**

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

#### **11.13 Conflicts of Interest**

Through its execution of this Agreement, Seller acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Seller becomes aware of any such fact during the term of this Agreement, Seller shall immediately notify the City.

#### **11.14 Notification of Prohibition on Contributions**

Through its execution of this Agreement, Seller acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from any department of the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or twelve (12) months after the date the contract is approved. Seller acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$100,000 or more. Seller further acknowledges that the (i) prohibition on contributions applies to each Seller; each member of Seller's board of directors, and Seller's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than ten percent (10%) in Seller; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Seller; and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department with whom Seller is contracting is obligated to submit to the Ethics Commission the parties to the contract and any subcontractor. Additionally, Seller certifies that Seller has informed each of the persons described in the preceding sentence of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

#### **11.15 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 Seller, its

successors and assigns, in the event of any default or breach by City or for any amount which may become due to Seller, its successors and assigns, or for any obligation of City under this Agreement.

#### **11.16 Counterparts**

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

#### **11.17 Effective Date**

As used herein, the term "**Effective Date**" means the date on which City and Seller have executed this Agreement, as authorized by a resolution or ordinance, as applicable, enacted by the City's Board of Supervisors and Mayor approving and authorizing this Agreement and the transaction contemplated hereunder Severability.

If any provision of this Agreement or the application thereof to any person, entity or circumstance shall be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

#### **11.18 Acceptance of Agreement by Seller**

This Agreement shall be null and void unless Seller accepts it and returns to City four (4) fully executed counterparts hereof on or before 5:00 p.m. San Francisco Time one (1) week after City request for signature.

#### **11.19 Cooperative Drafting**

This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION 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 LEGISLATION, 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. APPROVAL OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH LEGISLATION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

***[SIGNATURES ON FOLLOWING PAGES]***

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

SELLER:

Baker Places, Inc.,  
a California nonprofit public benefit corporation

DocuSigned by:  
  
By: \_\_\_\_\_  
4D72DD7FE261408...  
Name: Chuan Teng  
Its: Chief Executive Officer

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
Andrico Q. Penick  
Director of Property

Date: \_\_\_\_\_

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: \_\_\_\_\_  
Vincent L. Brown  
Deputy City Attorney

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located in the County of San Francisco, State of California, described as follows:

**PARCEL ONE:**

Beginning at the point of intersection of the Northeasterly line of Seventh Street with the Northwestern line of Cleveland Street running thence Northwesternly along the Northeasterly line of Seventh Street 25 feet; thence at a right angle Northeasterly 75 feet; thence at a right angle Southeasterly 25 feet to the Northwesternly line of Cleveland Street; and thence Southwesterly along the Northwesternly line of Cleveland Street 75 feet to the point of beginning.

Being a portion of 100 Vara Block No. 396.

**PARCEL TWO:**

Beginning at a point on the Northeasterly line of Seventh Street, distant thereon 115 feet Southeasterly from the Southeasterly line of Polson Street; running thence Southeasterly along said line of Seventh Street 25 feet; thence at a right angle Northeasterly 75 feet; thence at a right angle Northwesternly 25 feet; and thence at a right angle Southwesterly 75 feet to the point of beginning.

Being a portion of 100 Vara Block No. 396.

APN: Lot C21, Block 3754

**EXHIBIT B**  
**GRANT DEED**

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

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

The undersigned hereby declares this  
instrument to be exempt from Recording Fees  
(CA Govt. Code § 27383) and Documentary  
Transfer Tax (CA Rev. & Tax Code  
§ 11922 and S.F. Bus. & Tax Reg. Code § 1105)

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

**GRANT DEED**

(Assessor's Block 3754 Lot 031)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
BAKER PLACES, INC., a California nonprofit public benefit corporation, hereby grants to the  
CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, 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**").

TOGETHER WITH any and all rights, privileges and easements incidental or appurtenant to  
the Property, including, without limitation, any and all minerals, oil, gas and other hydrocarbon  
substances on and under the Property, as well as any and all development rights, air rights, water,  
water rights, riparian rights and water stock relating to the Property, and any and all easements, rights-  
of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land  
and all of Grantor's right, title and interest in and to any and all roads and alleys adjoining or servicing  
the Property.

*[SIGNATURES ON FOLLOWING PAGE]*

Executed as of this \_\_\_\_\_ day of , 20\_\_\_\_.

Baker Places, Inc.,  
a California nonprofit public benefit corporation

\_\_\_\_\_, By: \_\_\_\_\_  
NAME

Its: \_\_\_\_\_

\_\_\_\_\_, By: \_\_\_\_\_  
NAME

Its: \_\_\_\_\_

333 7<sup>th</sup> Street, San Francisco, CA



CERTIFICATE OF ACCEPTANCE

As required under Government Code Section 27281, this is to certify that the interest in real property conveyed by the Grant Deed, dated \_202\_, from the BAKER PLACES, INC., a California nonprofit public benefit corporation to the City and County of San Francisco, a municipal corporation ("**Grantee**"), is hereby accepted by order of its Board of Supervisors' Resolution No. 18110, adopted on August 5, 1957, and approved by the Mayor on August 10, 1957, and its Board of Supervisors' Resolution No. \_\_\_\_\_, adopted on \_\_\_\_\_ [INCLUDE INFORMATION FOR ANY LATER RESOLUTION SPECIFICALLY AUTHORIZING THE SPECIFIC ACQUISITION], and Grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_

	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation  By: _____  Andrico Q. Penick Director of Property

**EXHIBIT D RESERVED**

**EXHIBIT E**

**CERTIFICATE OF TRANSFEROR  
OTHER THAN AN INDIVIDUAL  
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by BAKER PLACES, INC., a California nonprofit public benefit corporation ("**Transferor**"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor's U.S. employer identification number is \_\_\_\_\_; and
3. Transferor's office address is \_\_\_\_\_

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated: \_\_\_\_\_, 20\_\_\_\_.

On behalf of:

BAKER PLACES, INC.,  
a California nonprofit public benefit  
corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT F**

**APPORTIONMENT NOTICE**

**EXHIBIT G**

**[SELLER/CITY] CLOSING CERTIFICATE**

This [SELLER/CITY] CLOSING CERTIFICATE (this “**Closing Certificate**”) is made as of \_\_\_\_\_, by \_\_\_\_\_ (“**Seller/Buyer**”), to \_\_\_\_\_ (“**Seller/Buyer**”).

**R E C I T A L S:**

A. Pursuant to that certain Agreement of Purchase and Sale For Real Estate dated as of \_\_\_\_\_, between Seller and Buyer (together with all amendments and addenda thereto, the “**Agreement**”), Seller has agreed to sell to Buyer its interest in certain real property as more particularly described in the Agreement.

B. The Agreement requires the delivery of this Closing Certificate.

**NOW THEREFORE**, pursuant to the Agreement, [Seller/City] does hereby represent and warrant to [Seller/City] that:

1. Except as specifically set forth below, each and all of the representations and warranties of [Seller/City] contained in the Agreement are true and correct in all material respects as of the date hereof as if made on and as of the date hereof.

Exceptions: See Exhibit A attached and made a part hereof.

2. This Certificate is subject to the terms and conditions of the Agreement.

**IN WITNESS WHEREOF**, the undersigned has executed this Closing Certificate as of the day and year first above written.

**[SELLER/CITY]:**

By:  
Name:  
Its:



## BAKER PLACES

### BOARD OF DIRECTORS

Brian Schneider  
*President*

Chuan Teng  
*Chief Executive Officer*

March 15, 2024

San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 244  
San Francisco, CA 94102-4689

Re: Baker Places, Inc. - Debt Repayment Agreement and Purchase and Sale Agreement

### EXECUTIVE SUMMARY

Baker Places, Inc. ("Baker") is stronger and more effective than ever before. The organization remains accountable and seeks to fully repay its debt to the City.

Baker requests Board of Supervisor approval of 1) a Repayment Agreement; and 2) a Purchase and Sale Agreement between Baker and the City that would allow the City to fully recover \$7.67 million in debt ("Debt") from Baker.

The Repayment Agreement will allow the City to fully recover the Debt through 1) a \$3 million credit for the sale of 333 7th Street from Baker to the City and 2) repayment of the remaining \$4.67 million at 1.12% interest over 23 years.

Baker's new leadership team including a new Chief Executive Officer, Chief Operations Officer, and Chief Financial Officer with the Department of Public Health ("DPH") has stabilized Baker's financial condition and set the organization on a path toward long-term sustainability through the following steps:

- Adjusted City contracts where expenses exceeded contract values
- Completed program restructuring and cut costs
- Filled staffing vacancies in critical finance roles
- Established an operating reserve to avoid need for contract advances
- Worked with Controller's Office and DPH to develop a financial sustainability plan including a sustainable Debt repayment proposal

Approval of the proposed agreements will allow Baker to fully repay its Debt and the City to maintain over 200 beds for essential behavioral health and substance use disorder treatment without disruption.

EIN: 94-1694551

## ORGANIZATION & SERVICES

Baker is a non-profit corporation providing mental health and substance use disorder treatment and housing for San Franciscans. Using a social rehabilitation model, Baker helps people learn and regain skills to live fully and productively in the community.

Since its incorporation in 1969, Baker has provided residential mental health and substance use disorder treatment programs through a partnership with the City. Services include Hummingbird psychiatric respites, 60-day crisis stabilization, 90-day residential treatment, and long-term co-op housing programs with case management. Baker currently operates over 200 residential treatment beds across more than 30 facilities in San Francisco.

In 2017, Baker was acquired by PRC, a San Francisco non-profit providing legal advocacy, emergency financial assistance, and workforce development services to people with HIV, mental illness, and substance use disorder. Baker maintains its separate legal entity, but it is managed by PRC.

Together, Baker and PRC employ 230 staff and serve over 5,000 San Franciscans annually. Clients served are 55% HIV+, 56% LGBTQ+, 51% age 50+, 24% Black/African American, 57% unhoused or marginally housed, and 100% low-income.

## FINANCIAL BACKGROUND

Baker's primary funder is the City, with over 90% of its \$18 million budget funded by DPH and the Mayor's Office of Housing and Community Development. The remainder of Baker's revenues are from federal contracts, program fees, and rent. Contract revenues are generated through monthly invoicing on a fee-for-service or cost reimbursement basis.

DPH currently holds four (4) active contracts with Baker for residential treatment and outpatient services:

Contract Funding			
Program	FY 2021-222	FY 2022-23	FY 2023-24
Hummingbird Potrero	3,261,247	3,698,436	3,848,281
Hummingbird Valencia	2,515,316	2,855,017	2,990,630
Ferguson Place	1,600,674	2,212,046	2,010,013
Baker Regular (Residential & Housing)	12,839,463	12,971,463	9,173,338
<b>Total</b>	<b>\$ 20,216,700</b>	<b>\$ 21,736,962</b>	<b>\$ 18,022,262</b>

## Historical Deficits and Sale of Assets

From 2005 through 2022, Baker posted losses in 14 out of 18 years with average year losses of (\$482,000). Review of the last five years shows losses of: (\$690,853) in 2022, a loss of (\$760,545) in 2021, and loss of (\$1,869,605) in 2017. In 2005, 2008, and 2015, Baker sold a combined \$4 million in assets to mitigate losses in those years, supplementing the cost of providing services to the community.

### City Debt

Baker's accumulated City Debt as of April 1, 2024 is \$7.67 million. The Debt resulted from advances that Baker received on FY 2021-22 and 2022-23 contracts as well as disallowances from a compliance audit in FY 2015-16.

FY2021-22 Unrecovered Initial Payment	\$ 1,904,987
FY2022-23 Unrecovered Initial Payment	\$ 4,641,376
FY15-16 Baker Places Compliance Audit	\$ 1,304,352
<b>Baker Debt Before Sale + Existing Repayments</b>	<b>\$ 7,850,715</b>
Proposed Sale of 333 7th St.	\$ (3,000,000)
Repayments July 2023 through March 2024	\$ (180,900)
<b>Baker Debt as of April 1, 2024</b>	<b>\$ 4,669,814</b>

### Repayment Agreement

The Debt Repayment Agreement presented before the Board of Supervisors will allow the City to recover the Debt through 1) a \$3 million credit for the sale of 333 7th Street from Baker to the City and 2) repayment of the remaining \$4.67 million at 1.12% interest over 23 years. Starting July 2023, Baker began making regular monthly debt payments to the City.

The property at 333 7th Street was previously operated by Baker as a 16-bed residential mental health and substance use disorder treatment program (Jo Ruffin Place). Services were suspended in January 2021 due to a critical staffing shortage resulting from COVID 19.

### Fiscal Monitoring, Audits, and Improvement

Fiscal audits for Baker and PRC from 2020 found material weakness with regard to timely and accurate close of accounting period and maintaining proper payroll documentation and segregation of duties. Significant deficiencies were found with regard to allocating payroll expenses to contracts, maintaining proper payroll documentation and time studies, and cash management.

Fiscal audits from 2021 showed improvement with no material weaknesses. Significant deficiencies were identified with regard to maintaining payroll documentation, segregation of duties, conducting time studies, and cash management. Prior findings with regard to timely and accurate close of accounting period and allocating payroll expenses to contract were resolved.

Fiscal audits from 2022 again identified improvement from the two prior years. Significant deficiencies continued to be found with respect to maintaining payroll documentation, segregation of duties, and conducting time studies, however, they had been partially resolved from the prior year.

In December 2022, Baker and PRC were placed on Red Flag status by the City's Controller's Office. The Red Flag status was removed in December 2023, due to improved financial condition. The organizations are currently designated as elevated concern.



In December 2022, Baker and PRC were placed on a DPH Corrective Action Plan (“CAP”). The CAP was closed on March 14, 2024 as a result of progress towards addressing identified deficiency areas.

### **Critical Cash Shortfalls**

In October 2021, Baker alerted the City that it faced critical cash shortfalls, exhausted all of its resources, and needed a significant and immediate inflow of cash or be forced to reduce, suspend, or ultimately close programs. Baker further communicated that its business model was unsustainable, as actual costs exceeded contract values.

In response, the City prioritized a number of actions to preserve continuity of care for existing Baker clients and maintain mental health treatment and housing. These actions included:

- Granted additional funding for Joe Healy Detox program to address immediate shortfall
- Approved temporary conversion from fee-for-service to cost reimbursement invoicing
- Expedited payments for invoiced services
- Delayed recovery of initial payments
- Actively worked with Baker to develop a financially sustainable service model with support from the Controller’s Office.

### **Financial Analysis**

In October 2021, the City acting through the Controller’s Office, paid for financial consultant Community Vision to conduct a financial analysis of Baker, including a program-by-program analysis of contract values compared to the actual cost. The analysis, completed in May 2022, identified an ongoing operating shortfall of \$3.2 million for Baker and parent, PRC.

### **Emergency Grant and Subsequent Shortfall**

As a result of the analysis’ findings, DPH made a request to the City’s Board of Supervisors to approve an emergency grant to Baker and PRC for \$3.2 million to allow the organizations to complete a financial review and develop a long-term sustainability plan. In June 2022, the Board of Supervisors approved an emergency grant of \$1.25 million.

The \$1.25 million emergency grant addressed a portion of the \$3.2 million operating shortfall, but not all of it. By September 2022, the organizations once again faced a critical cash shortfall before completing financial sustainability planning.

On October 3, 2022, Baker informed DPH that it had no other choice but to return some programs to the City due to years of financial hardship with program-related expenses exceeding DPH contract revenues, and its ultimate goal was an orderly transfer with minimal disruption to clients and staff. The organization further conveyed that it was developing a long-term sustainability plan for its remaining programs.

### **PROGRAMS TRANSFER AND CITY INTERVENTIONS**

Starting in October 2022, DPH and Baker worked in close collaboration to develop and implement a six-month transition plan for programs identified for transfer. During this transition period, DPH provided Baker with multiple supports to create financial pathways to sustain operations:

1. Authorized a one-time increase in the allowable indirect cost rate from 15% to actual rate of 22% during FY 2022-23.
2. Maintained payments of invoicing levels and added budget to 12-month funding amounts in the event that costs exceed their 12-month award amounts
3. Deferred debt servicing until completion of a long-term financial sustainability plan.

In the winter of 2022, Baker completed the successful transfers of Joe Healy Detox and Acceptance Place (substance use treatment programs) to HealthRight360 with no disruption of service to clients and continuity of employment for almost all staff employed at both programs.

### **ORGANIZATIONAL PROGRESS TOWARD FINANCIAL STABILITY**

From October 2022 through June 2023, DPH and Baker met on a weekly basis to analyze Baker's financials, identify root causes of structural deficits, correct contracts, re-design programs, and address invoicing and contract concerns.

#### **New Leadership**

In the fall of 2022, Baker and PRC brought on a new leadership team, including a new Chief Executive Officer, Chief Operations Officer, and Chief Financial Officer with over 20 years of experience working for the City. The new leadership team along with DPH and Baker's and PRC's Board of Directors worked quickly and collaboratively to stabilize Baker's financial condition and set the organization on a path toward long-term sustainability through the following steps:

- Adjusted contracts where expenses exceeded contract values
- Completed program restructuring and cut costs
- Filled staffing vacancies in critical finance roles
- Established an operating reserve to avoid need for contract advances
- Worked with Controller's Office and DPH to develop a financial sustainability plan including a sustainable Debt repayment proposal
- Grew PRC's Board of Directors by 50% with new membership and a strong finance committee

#### **Sustainability Plan**

In June 2023, Baker with technical support from Community Visions, finalized a Financial Sustainability Plan ("Plan") incorporating feedback and input from DPH. The Plan prioritizes:

- Establishing an operating reserve
- Restructuring programs to reduce costs and streamline operations
- Correcting City contracts where expenses exceeded value of contracts
- Diversifying revenue streams through new non-City fee-for-service contracts
- Building organizational capacity for facilities management and contract compliance
- Establishing a negotiated federal indirect rate
- Resolving previously identified financial audit findings
- Repaying City debt

### **WHAT CAUSED BAKER'S FINANCIAL CONDITION?**

Review of Baker's financials, organizational structure, program design, and historical context, shows Baker's financial condition was caused by these primary factors:

- Full cost of services exceeded City contract values
- Gap between the recovery of administrative expenses and actual expenses
- Insufficient financial staff and capacity to promptly invoice and revise budgets to maximize recovery of program expenses, which in the past resulted in under-recovery
- Rapid organization growth and reliance on outdated systems and practices resulting in audit findings and disallowances
- Operations and staffing disruptions caused by COVID-19

#### **HOW WILL THIS SITUATION BE AVOIDED IN THE FUTURE?**

Baker and PRC have implemented a financial sustainability plan and achieved several key milestones. Baker has established an operating reserve, completed program restructuring, and corrected city contracts. Investments have been made to enhance quality assurance and compliance. New non-City revenues are being actively pursued to diversify funding streams. A key milestone that remains is the resolution of Baker's Debt, a repayment proposal for which is being presented to the Board of Supervisors for approval.

Moving forward, Baker will continue to communicate with DPH and work together to address concerns. Baker is willing to report back to the Health Commission and the Board of Supervisors on progress toward long-term sustainability.

Financially and operationally, Baker is stronger and more effective than ever before. Baker is accountable for its financial condition and seeks to fully repay its Debt. Approval of the Repayment Agreement and Purchase and Sale Agreement would allow Baker to repay its Debt in a sustainable way and allow the City to maintain 200+ residential treatment beds without disruption to clients and services.

Sincerely,

A handwritten signature in black ink, appearing to read "Chuan Teng", with a stylized, flowing script.

Chuan Teng, CEO

# **Baker Places, Inc. Repayment and Purchase Agreements**

## **BOS Budget & Finance Committee**

**Drew Murrell, DPH Controller**

**Hillary Kunins, MD, MPH, Director of Behavioral Health and Mental Health SF**

**March 27, 2024**



**SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH**

# Agenda



1. Purpose and Goals
2. Overview of Services at Baker Places, Inc.
3. 2021-2022 Financial Crisis at Baker
4. Key Interventions to Stabilize Baker in 2022
5. Progress toward Fiscal Solvency at Baker
6. Summary of Debt to be Repaid
7. Repayment Agreement Terms
8. Purchase Agreement



# SFDPH Goals



- 1.To **preserve vital services and treatment for clients as well as residential services** in the behavioral health system of care.
- 2.To **hold Baker Places, Inc. accountable** for past financial issues and to **ensure corrective actions are implemented** in order to preserve vital services.

# Purpose



**SFDPH is requesting authorization and adoption of:**

**1. Repayment Agreement with Baker Places, Inc.:**

- Will require Baker to repay the City a debt amount of **\$7.7M over a 23-year term** from April 1, 2024, through January 31, 2046

**2. Agreement of Purchase of Real Estate Property:**

- Will allow the City to **acquire Baker's existing residential care facility located at 333-7th Street** for an amount of \$3.0M, using the value of the site as a credit to the portion of the debt owed

# Overview of Services at Baker Places, Inc



- Baker **operates key health programs** such as mental health and substance use treatment, HIV treatment, and other services for thousands of people.
- Baker contracts with DPH to **provide essential behavioral health services** for some of our vulnerable San Franciscans.
- DPH currently **holds four active contracts with Baker** for mental health residential treatment and outpatient services:
  1. Hummingbird Potrero
  2. Hummingbird Valencia
  3. Ferguson Place
  4. Baker Regular (Residential and Housing)
- Combined, these contracts **serve nearly 2,000 clients annually and offer more than 200 treatment beds** that are critical for DPH's behavioral health system of care.



# 2021-2022 Financial Crisis at Baker



## Cash shortfalls:

- In October 2021, Baker/PRC notified SFDPH it was facing critical cash shortfalls
  - Stated it would need a significant and immediate inflow of cash or be forced to reduce, suspend, or ultimately close programs
- From October 2021 through November 2022, Baker continued experiencing intermittent cash flow emergencies and potential shut-downs
- On October 28, 2022, Baker/PRC informed SFDPH of plans to initiate process to wind down operations by November 30, 2022, including laying off employees, discontinuing programs and disposing of facilities due to the exhaustion of available funds.

# 2021-2022 Financial Crisis at Baker (continued)



## Audits:

- Baker/PRC's FY19-20 financial audit completed in March 2022 found that the agencies lacked internal control procedures to ensure timely preparation of financial statements
  - consolidated trial balance initially provided to auditors had to be corrected
  - Organization had no procedure to ensure journal entries were reviewed and approved prior to being entered by accounting staff

## Red Flag Status:

- Based on FY22 monitoring activities and external audits, Controller's Office placed Baker on red flag status in December 2022

# Key Interventions to Stabilize Baker in 2022



In 2022, the Board of Supervisors, SFDPH, and Controller's Office **implemented various interventions to mitigate cash flow issues**

- Board of Supervisors passed emergency grants of \$1.2M in June 2022
- DPH permitted all contracts held by Baker to be reimbursed via cost reimbursement instead of fee-for-service
- DPH temporarily increased the indirect cost rate for all programs subject to transfer or closure
- DPH allowed Baker to invoice without recovery of initial payments
- Through Controller's Office Technical Assistance, Community Vision completed financial analysis and planning with Baker/PRC

These interventions allowed Baker to:

1. continue providing vital services and treatment to clients
2. provide enough time to complete financial analysis and planning using Controller's vendor Community Vision

# Progress toward fiscal solvency at Baker



## New leadership at Baker **completed financial planning:**

- Financial analysis to align the cost of services by program with the value of their contract
  - Adjust awards where Baker should stay as the provider
  - Transfer of services where another provider could provide services
- Successful transition back to fee-for-service for some programs

## ...and made tangible **progress in shoring fiscal solvency** for Baker

- Completing DPH corrective action plan
- Addressing significant audit findings and timeliness of financial audits

# Progress toward fiscal solvency at Baker (continued)



- **Improving PRC/Baker consolidated audit results:**
  - **FY20:** Completed March 2022 with a material weakness and 4 significant deficiencies
  - **FY21:** Completed October 2022 with no material weaknesses and 3 significant deficiencies identified
  - **FY22:** Completed July 2023 with no material weaknesses and 2 significant deficiencies identified

Steady progression towards timely audits (completed within 9 months of the FY) with no weaknesses identified

# Progress toward fiscal solvency at Baker (continued)



- **Completing long range financial sustainability plan**
  - Established a plan to repay debt owed to the City
  - Established an operating reserve
  - Restructuring operations by transferring under-utilized programs
  - Mitigate previously identified financial audit findings
  - Proposes a legal merger of PRC and Baker Places
    - Business decision by Baker and PRC
- Controller's office moved Baker's status from red flag to elevated concern status in December 2023



# Summary of Debt to Be Paid

- SFDPH allowed Baker to continue invoicing without recovering full costs from compliance audit and initial payments
- Repayment and purchase agreements address this accumulated debt

Baker Places Debt to SFDPH	
FY 15-16 Baker Places Compliance Audit	\$1,304,352
FY 21-22 Unrecovered Initial Payment	\$1,904,987
FY 22-23 Unrecovered Initial Payment	\$4,641,376
Repayments from July 2023 through March 2024	(\$180,900)
<b>Total Accumulated Debt as of March 2024</b>	<b>\$7,669,814</b>
Proposed Purchase of 333 7th Street	(\$3,000,000)
<b>Total Debt as of April 1, 2024 including Proposed Purchase</b>	<b>\$4,669,814</b>



# Repayment Agreement Terms



1. **Term** over 23-year term from April 1, 2024 to January 31, 2046
2. **Property Transfer** of 333 7th Street from Baker to City
3. **Parent Guarantee** from PRC
4. **Debt Repayment Schedule** at \$20,100 monthly rate with 1.12% interest
5. **Initial Payments** eliminated on all contracts for duration of agreement
6. **Annual Assessment of Available Funds:** Subject to available funds, Baker agrees to accelerate repayment of debt using year end surpluses net of operating reserve deposits
7. **Performance Deed of Trust and Declaration of Restrictions**
  - Collateralization of two real estate assets to secure the debt
  - Deed of Restrictions limits use of properties to City-contracted behavioral health services



# Purchase Agreement



- **Property Transfer** of 333 7th Street
  - This is a real estate transaction only to preserve an existing behavioral health service
  - Baker will transfer title of 333 7th Street to City
  - SFDPH will credit the amount of the purchase proceeds against outstanding debt
- **Planning Department** determined:
  - Purchase Agreement is consistent with General Plan and Eight Priority Policies of Planning Code
  - As a real estate transaction, this is not defined as a project under CEQA because it would not result in any physical change in environment

# Conclusion



- **DPH agrees with BLA recommendations**
- As part of our partnership with Baker, SFDPH is now **requesting BOS approval on proposed Resolutions** for the Repayment and Purchase Agreements
- Our goal was and continues to be to **work with Baker to stay financially stable** to ensure clients receive care and treatment as well as preserve treatment beds
- DPH respectfully requests approval of proposed Repayment and Purchase Agreements

**Thank you**

# Baker Places, Inc.

## Repayment and Purchase/Sale Agreements

SF Board of Supervisors Budget and Finance Committee

March 27, 2024

Chuan Teng, CEO

# Repayment Agreement Goals



Remain **accountable** and  
pay the City back



**Maintain 200+ residential  
treatment beds** without  
disruption

# What We Do & Who We Serve

**Behavioral Health Treatment & Housing** for people with mental illness and substance use disorders through social rehabilitation.



**30+** locations across SF

## Our clients are:

- **55%** HIV positive
- **56%** LGBTQ+
- **51%** Age 50+
- **24%** African American
- **57%** Unhoused or marginally housed
- **100%** Low-income



Serve **1,000** people per year through residential treatment + supportive housing



Host **1,600** drop-ins per year for meals, showers, laundry, & linkage

# What Caused Baker's Financial Situation?

- Full cost of services exceeded City contract values
- Gap between the recovery of administrative expenses and actual expenses
- Insufficient financial staff capacity to promptly invoice and update budgets
- Rapid organizational growth and reliance on outdated practices that resulted in audit findings

# Organizational Progress Towards Stability

- New leadership (CEO, COO, CFO)
- Adjusted contracts with DPH where expenses exceeded values
- Completed program restructuring and cut costs
- Established an operating reserve to avoid need for contract advances
- Filled staffing vacancies in critical finance roles
- Updated financial practices and resolved audit findings
- Developed a financial sustainability plan including a debt repayment proposal



# Ensuring Future Success

- Diversifying revenue streams
- Establishing a negotiated federal indirect rate
- Enhancing quality assurance and contract compliance to ensure accountability
- Strengthening governance through board expansion, including strong fiscal committee
- Resolving and fully repaying City debt


**Baker Places seeks to pay the City back, maintain 200+ residential treatment beds, and deliver innovative programs and services to address mental health illness and substance use disorder.**



## GENERAL PLAN REFERRAL

February 12, 2024

**Case No.:** 2024-001134GPR  
**Block/Lot No.:** 3754/031  
**Project Sponsor:** San Francisco Department of Public Health  
**Applicant:** Rachan Anderson – (415) 554-9821  
[Rachan.Anderson@sfgov.org](mailto:Rachan.Anderson@sfgov.org)  
Real Estate Division City and County of San Francisco  
25 Van Ness Avenue, Suite 400  
San Francisco, CA 94102  
**Staff Contact:** Amnon Ben-pazi – (628) 652-7428  
[amnon.ben-pazi@sfgov.org](mailto:amnon.ben-pazi@sfgov.org)

**Recommended By:**   
Josh Switzky, Deputy Director of Citywide Policy for  
Rich Hillis, Director of Planning

**Recommendation:** Finding the project, on balance, is **in conformity** with the General Plan

### Project Description

The Project is the acquisition by the City of the property at 333 7<sup>th</sup> Street. The property was formerly used as a Residential Care Facility, and the use will be continued after acquisition.

### Environmental Review

The Project is a real estate transaction only. It is not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

### General Plan Compliance and Basis for Recommendation

As described below, the project is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the Objectives and Policies of the General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

## EAST SOMA AREA PLAN

### OBJECTIVE 7.2

#### **ENSURE CONTINUED SUPPORT FOR HUMAN SERVICE PROVIDERS THROUGHOUT THE EASTERN NEIGHBORHOODS.**

##### **Policy 7.2.1**

**Promote the continued operation of existing human and health services that serve low-income and immigrant communities in the Eastern Neighborhoods, and prevent their displacement.**

*The Project would allow continued operation of a Residential Care Facility which formerly existed at the Project site.*

#### **Planning Code Section 101 Findings**

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

*The Project is a real estate transaction only. It would have no effect on neighborhood-serving retail uses.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

*The Project is a real estate transaction only. It would have no effect on housing or neighborhood character.*

3. That the City's supply of affordable housing be preserved and enhanced;

*The Project is a real estate transaction only. It would have no effect on the City's supply of affordable housing.*

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

*The Project is a real estate transaction only. It would have no effect on commuter traffic and MUNI.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

*The Project is a real estate transaction only. It would have no effect on the City's industrial or service*

sectors.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

*The Project is a real estate transaction only. It would have no effect on City's preparedness against injury and loss of life in an earthquake..*

7. That the landmarks and historic buildings be preserved;

*The Project is a real estate transaction only. It would have no effect on the City's landmarks and historic buildings. The building is a historic resource, but the Project does not propose any physical alteration to the building.*

8. That our parks and open space and their access to sunlight and vistas be protected from development;

*The Project is a real estate transaction only. It would not have no effect on the City's parks and open space and their access to sunlight and vistas.*

**Recommendation: Finding the project, on balance, is in conformity with the General Plan**



# San Francisco Department of Public Health

Grant Colfax, MD  
Director of Health

City and County of San Francisco  
London N. Breed  
Mayor

March 4, 2024

Angela Calvillo, Clerk of the Board  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

DPH is requesting that the Board approve a resolution supporting (1) a Repayment Agreement; and (2) a Purchase and Sale Agreement between Baker Places, Inc. (Baker) and the City.

The repayment agreement allows Baker, a subsidiary of PRC ("Parent") to repay \$7.67 million (Debt) owed to the City as a result of (1) a Compliance Audit conducted by the Department of Public Health (DPH); and (2) unrecovered initial payments<sup>1</sup> issued by DPH pursuant to contract terms.

The Purchase and Sale Agreement credits a portion of the Debt equal to the assessed value of 333 7<sup>th</sup> Street (\$3.0 million), a property owned by Baker, in exchange for transferring title of the property to the City. If approved by the Board, Baker will repay the balance of \$4.7 million plus interest over the course of 23 years.

## **Baker Places DPH Debt through March 31st, 2024.**

The following details Baker's Debt to the City:

FY2021-22 Unrecovered Initial Payment	1,904,987
FY2022-23 Unrecovered Initial Payment	4,641,376
FY15-16 Baker Places Compliance Audit	1,304,352
Proposed Sale of 333 7th St	(3,000,000)
Repayments July 2023 through March 2024	(180,900)
<b>Baker Debt as of April 1, 2024</b>	<b>4,669,814</b>

## **Baker's DPH Contracts FY2021-22 through FY2023-24.**

Baker contracts with DPH to provide essential behavioral health services for the most vulnerable San Franciscans. Combined, these contracts serve nearly 2,000 clients annually and offer more than 200 treatment beds that are critical for DPH's behavioral health system of care.

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<sup>1</sup> Initial Payments are advance payments of up to 25% of contract value according to funds eligibility made to Community Based Organizations (CBO) and recovered over the course of 6 months from invoicing between October and March.



# San Francisco Department of Public Health

Grant Colfax, MD  
Director of Health

City and County of San Francisco  
London N. Breed  
Mayor

DPH holds four (4) active contracts with Baker for mental health residential treatment and outpatient services:

Program	Beds	Clients	FY 2021-22	Contract Funding	
				FY 2022-23	FY 2023-24
Hummingbird Portrero	29	505	3,261,247	3,698,436	3,848,281
Hummingbird Valencia	30	644	2,515,316	2,855,017	2,990,630
Ferguson Place	12	6	1,600,674	2,212,046	2,010,013
Baker Regular (Residential & Housing)	144	821	12,839,463	12,971,463	9,173,338
<b>Total</b>	<b>215</b>	<b>1976</b>			<b>18,022,262</b>

## Repayment Agreement Terms.

The Repayment Agreement terms are summarized as follows:

- Term.** The term starts on April 1, 2024, and expires on January 31, 2046, unless Baker repays the Debt earlier.
- Property Transfer (333 7th Street - \$3,000,000).** Baker will transfer title to 333 7th Street to the City and DPH will credit the amount of the sale proceeds against the outstanding Debt.
- Parent Guarantee.** PRC has executed a Parent Guaranty, pursuant to which Parent has guaranteed Baker's performance and repayment of the Debt (defined below).
- DPH Debt Repayment Schedule.** Baker will repay the Debt balance due at the rate of \$20,100 monthly over the term of the agreement, which amount includes 1.12% per annum interest, until there is no outstanding balance.
- Initial Payments.** Baker agrees to the elimination of initial payments by the City to Baker on all contracts awarded by the City, either currently in place or in the future for the duration of the repayment agreement.
- Annual Assessment of Available Funds.** Baker will complete an annual assessment, by August 31 each year, of available unrestricted cash compared to its six-month operating reserve target.
- Non-assignment/Performance Deed of Trust/Declaration of Restrictions.** Baker has agreed for the City to record a Performance Deed of Trust against two of Baker's properties, including a Declaration of Restrictions limiting use of the properties to City contracted behavioral health and ancillary services during the repayment period.
- Termination for Default; Remedies.** In the event that Baker defaults under the Repayment Agreement, PRC will have an opportunity to cure under the Parent Guarantee. Should both Baker and PRC fail to cure the default, the City may terminate the Agreement. In that event, Baker will submit to voluntary debarment from City contracting for a period of three years, and PRC will also submit to voluntary debarment from City contracting pursuant to the Parent Guarantee.
- Baker's Release.** Baker has agreed to fully and forever release from all actions, causes of action, damages and claims that arise from the DPH Debt and/or this Agreement.



## San Francisco Department of Public Health

Grant Colfax, MD  
Director of Health

City and County of San Francisco  
London N. Breed  
Mayor

### Debt Repayment Agreement Notes

In February 2023, Baker and PRC with technical assistance from Community Vision submitted a Financial Sustainability Plan (Plan). Pursuant to the City's review and feedback, Baker and PRC further revised and finalized the Plan in June 2023. The Plan prioritizes establishment of an operating reserve for Baker, restructuring operations by transferring under-utilized programs, establishment of a path to repay debt to the City, and mitigations of previously identified financial audit findings.

The proposed Repayment Agreement resolves repayment of City Debt as prioritized in the Plan. It is important to note that the Plan prioritizes repayment of Baker's and PRC's higher interest rate, non-City debt in order to make available sufficient cash necessary to maintain services and operations on an ongoing basis. Accordingly, the Plan recommended that other categories of debt, including mortgages with maturity dates in May 2024 and a \$1.4 million loan made to PRC by Community Vision, be repaid before fully repaying Baker's \$7.7 million Debt owed to the City. In August 2023, PRC re-paid the \$1.4 million loan to Community Vision.

The Plan also suggested a legal merger of PRC and Baker Places to simplify operations and create organizational efficiency. Whether the merger will occur is unclear and subject to a business decision by Baker and PRC as the two entities have achieved significant efficiencies over the course of the past year. PRC has agreed to guarantee repayment of Baker's City Debt under a parent guarantee.

Sincerely,

DocuSigned by:

*Naveena Bobba*

52BC36E46CB9439...

Naveena Bobba  
Deputy Director of Health  
San Francisco Department of Public Health





## San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org) . [www.sfethics.org](http://www.sfethics.org)

Received On:

File #: 240192

Bid/RFP #:

### Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

#### 1. FILING INFORMATION

<b>TYPE OF FILING</b>	<b>DATE OF ORIGINAL FILING (for amendment only)</b>
original	
<b>AMENDMENT DESCRIPTION – Explain reason for amendment</b>	

#### 2. CITY ELECTIVE OFFICE OR BOARD

<b>OFFICE OR BOARD</b>	<b>NAME OF CITY ELECTIVE OFFICER</b>
Board of Supervisors	Members

#### 3. FILER'S CONTACT

<b>NAME OF FILER'S CONTACT</b>	<b>TELEPHONE NUMBER</b>
Angela Calvillo	415-554-5184
<b>FULL DEPARTMENT NAME</b>	<b>EMAIL</b>
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

#### 4. CONTRACTING DEPARTMENT CONTACT

<b>NAME OF DEPARTMENTAL CONTACT</b>	<b>DEPARTMENT CONTACT TELEPHONE NUMBER</b>
Reanna Albert	628-271-6178
<b>FULL DEPARTMENT NAME</b>	<b>DEPARTMENT CONTACT EMAIL</b>
DPH Department of Public Health	reanna.albert@sfdph.org

5. CONTRACTOR	
<b>NAME OF CONTRACTOR</b> Baker Places, Inc.	<b>TELEPHONE NUMBER</b> 415-777-0333
<b>STREET ADDRESS (including City, State and Zip Code)</b> 170 9th Street, San Francisco, CA 94103	<b>EMAIL</b> marc.gannon@prcsf.org

6. CONTRACT		
<b>DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)</b>	<b>ORIGINAL BID/RFP NUMBER</b>	<b>FILE NUMBER (If applicable)</b> 240192
<b>DESCRIPTION OF AMOUNT OF CONTRACT</b> \$0		
<b>NATURE OF THE CONTRACT (Please describe)</b> Repayment of debt agreement with the acquisition of 333 7th Street.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Schneider	Brian	Other Principal Officer
2	Teng	Chuan	CEO
3	Levenson	Leo	CFO
4	Gannon	Marc	COO
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☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

**10. VERIFICATION**

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

**SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK**

**DATE SIGNED**

BOS Clerk of the Board



## San Francisco Ethics Commission

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Legislative Clerks Division	415-554-5184
<b>FULL DEPARTMENT NAME</b>	<b>EMAIL</b>
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<b>NAME OF CONTRACTOR</b>  PRC	<b>TELEPHONE NUMBER</b>  415-777-0333
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<b>DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)</b>  	<b>ORIGINAL BID/RFP NUMBER</b>  	<b>FILE NUMBER (If applicable)</b> 240192
<b>DESCRIPTION OF AMOUNT OF CONTRACT</b>  \$0		
<b>NATURE OF THE CONTRACT (Please describe)</b>  Parent guaranty for repayment of debt agreement with the acquisition of 333 7th Street.		

7. COMMENTS

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This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
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List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

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1	Schneider	Brian	Other Principal Officer
2	wiley	Nichole	Other Principal Officer
3	Smith	Darren	Other Principal Officer
4	Frieman	Josh	Board of Directors
5	Gonzalez	Nelson	Board of Directors
6	Hartke	Colin	Board of Directors
7	Ishida	Ryo	Board of Directors
8	kyle	Michael	Board of Directors
9	Michaels	Jacques	Board of Directors
10	Niczyporuk	Michael	Board of Directors
11	Papilion	Zack	Board of Directors
12	Prevost	Tamarah	Board of Directors
13	Schroeder	Tim	Board of Directors
14	Teng	Chuan	CEO
15	Levenson	Leo	CFO
16	Gannon	Marc	COO
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**10. VERIFICATION**

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

<b>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</b>	<b>DATE SIGNED</b>
BOS Clerk of the Board	

**From:** [Albert, Reanna \(DPH\)](#)  
**To:** [Calvillo, Angela \(BOS\)](#); [BOS Legislation, \(BOS\)](#)  
**Cc:** [Colfax, Grant \(DPH\)](#); [Bobba, Naveena \(DPH\)](#); [Ruggels, Michelle \(DPH\)](#); [Longhitano, Robert \(DPH\)](#); [Validzic, Ana \(DPH\)](#); [Neukrug, Sarah \(DPH\)](#); [Murrell, Drew \(DPH\)](#); [Wong, Greg \(DPH\)](#); [Hiramoto, Kelly \(DPH\)](#)  
**Subject:** Proposed Resolution - Baker Places Debt Agreement  
**Date:** Monday, March 4, 2024 11:44:06 AM  
**Attachments:** [0. Board Memo.pdf](#)  
[1. Baker Places Debt Agreement Proposed Resolution.pdf](#)  
[2. Debt Repayment Agreement Baker Places.pdf](#)  
[3. Planning Letter - 333 7th Street.pdf](#)

---

Dear Ms. Calvillo,

Please find attached a proposed resolution for Board of Supervisors approval for Baker Places Debt Agreement. The following is a list of accompanying documents:

- Board Memo
- Proposed Resolution
- Repayment Agreement
- Planning Letter

Thank you for your time and consideration.

Reanna Albert  
Senior Contracts Analyst  
Office of Contracts Management and Compliance  
DPH Business Office