EXHIBIT A
DEFINITIONS

"**2006 Development Plan**" shall have the meaning set forth in Recital K of the DDA.

"**Acquisition and Reimbursement Agreement**" shall have the meaning set forth in the Financing Plan.

"**Additional Transportation Subsidy**" shall have the meaning set forth in Section 13.3.2(g) of the DDA.

"**Adequate Security**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Administrative Delay**" shall have the meaning set forth in Section 24.1.3 of the DDA.

"**Affiliate**" means any Person that directly or indirectly Controls, is Controlled by or is under Common Control with, a Party (or a partner or managing or other member of a Party, as the case may be).

"**Affordable Housing Units**" shall have the meaning set forth in the Housing Plan.

"**Agreement**" shall have the meaning set forth in the Introductory Paragraph of the DDA.

"**Allocated Parking**" shall have the meaning set forth in Section 4.2.1(a)(ii) of the DDA.

"**Amendment Action**" shall have the meaning set forth in Section 12 of the DDA.

"**Annual Authority Budget**" shall have the meaning set forth in Section 19.1.1 of the DDA.

"**Annual Authority Draft Budget**" shall have the meaning set forth in Section 19.2 of the DDA.

"**Annual Preliminary Budget**" shall have the meaning set forth in Section 19.2 of the DDA.

"**Annual Transportation Subsidy**" shall have the meaning set forth in Section 13.3.2(a) of the DDA.

"**Annual Transportation Subsidy Maximum Amount**" shall have the meaning set forth in Section 13.3.2(b) of the DDA.

"**Annual Transportation Subsidy Payment**" shall have the meaning set forth in Section 13.3.2(a) of the DDA.

"**Applications**" shall have the meaning set forth in the DRDAP.

"**Applicable Regulations**" shall have the meaning set forth in the Development Agreement.

"**Appraisal Process**" shall have the meaning set forth in Section 17.4 of the DDA.

"**Approval**" shall have the meaning set forth in Section 28.24(a) of the DDA.

"**Approved DDA/LDDA Form**" has the meaning set forth in Section 4.1 of the DDA.

"**Approved Vertical DDA Form**" shall have the meaning set forth in Section 4.1 of the DDA.

"**Approved Vertical LDDA Form**" shall have the meaning set forth in Section 4.1 of the DDA.

"**Arbiter**" shall have the meaning set forth in Section 15.3.1 of the DDA.

"**Arbiter's Qualifications**" shall have the meaning set forth in Section 15.3.1 of the DDA.

"**Arbitration Matter**" shall have the meaning set forth in Section 15.1.1 of the DDA.

"**Architect**" means the licensed architect of record, if any, for any Vertical Improvement as selected by a Vertical Developer.

"**Architect's Certificate**" means a certificate issued by the Architect in accordance with Section 9.2 that is in the form attached hereto as Exhibit Z with only such changes as may be Approved by Vertical Developer and the Authority Director.

"**Art Fee**" shall have the meaning set forth in the Development Agreement.

"**Associated Public Benefits**" shall have the meaning set forth in Section 1.8(b) of the DDA.

"**Assignment and Assumption Agreement**" means an assignment and assumption agreement between Developer and a Transferee for a Transfer of rights and corresponding obligations under this DDA, consistent with the requirements of this DDA and, to the extent required under this DDA, in the form Approved by the Authority Director.

"**Attachments**" means, individually or collectively as the context requires, each of the attachments to this DDA listed on the List of Attachments, including any attachments thereto, as they may be amended or supplemented from time to time in accordance with the terms thereof and of this DDA.

"**Auction**" shall mean the process of offering Lots for sale or ground lease to qualified bidders at the minimum bid price and selling the Lot to the highest qualified bidder, in accordance with Article 17.

"**Authority**" means the Treasure Island Development Authority, a California non-profit public benefit corporation, or any successor public agency designated by or under law, which may include the City and County of San Francisco or the San Francisco Port Commission, authorized as the Authority's successors under the terms of the Conversion Act.

"**Authority Housing Units**" shall have the meaning set forth in the Housing Plan.

"**Authority Board**" means the Board of Directors of the Authority, or any successor governing body of the Authority designated by or under law.

"**Authority Costs**" shall have the meaning set forth in Section 19.1.1 of the DDA.

"**Authority Costs and Revenue Report**" shall have the meaning set forth in Section 19.4 of the DDA.

"**Authority Director**" means the Executive Director of the Authority, or any successor executive officer of the Authority designated by or under law.

"**Authority Fiscal Year**" means July 1 through June 30 of each year, or such other Authority Fiscal Year as is adopted from time to time.

"**Authority Housing Lots**" shall have the meaning set forth in the Housing Plan.

"**Authority Quitclaim Deed**" means a deed substantially in the form of Exhibit AA or as otherwise Approved by Developer and the Authority Director in their respective sole and absolute discretion.

"**Authority Revenues**" shall have the meaning set forth in Section 19.1.2 of the DDA.

"**Authority's Title Covenant**" shall have the meaning set forth in Section 10.2.2 of the DDA.

"**Authorization**" shall have the meaning set forth in Section 9.1.1 of the DDA.

"**Base Line Budget**" shall have the meaning set forth in Section 19.2 of the DDA.

"**Base Security**" shall have the meaning set forth in Section 26.2.1 of the DDA.

"**Base Security Cap**" shall have the meaning set forth in Section 26.2.1 of the DDA.

"**Base Security Termination Date**" shall have the meaning set forth in Section 26.2.6 of the DDA.

"**Board of Supervisors**" means the Board of Supervisors of the City, or any successor governing body of the City designated by or under law.

"**Building Permit**" means a building permit issued by DBI.

"**Business Day**" means a day other than a Saturday, Sunday or holiday recognized by the Authority.

"**CCRL**" shall have the meaning set forth in Recital G.

"**CEQA**" means the California Environmental Quality Act, California Public Resources Code section 21000 et seq., and the Guidelines for the California Environmental Quality Act, California Code of Regulations, Title 14 section 15000 et seq., as amended from time to time.

"**CEQA Delay**" shall have the meaning set forth in Section 24.1.4 of the DDA.

"**Certificate of Completion**" means a certificate issued by the Authority in accordance with Section 9.2 that is substantially in the form attached hereto as Exhibit BB.

"**Certificate of Occupancy**" means an instrument issued by DBI certifying that a Unit or non-residential Project is fit for occupancy or use in accordance with the San Francisco Building Code.

"**CFD**" shall have the meaning set forth in the Financing Plan.

"**City**" means, as the context requires, (i) the City and County of San Francisco, a charter city of the State, or (ii) the territorial jurisdiction of the foregoing.

"**City Agency**" means, individually or collectively as the context requires, all departments, agencies, boards, commissions and bureaus of the City with subdivision or other permit, entitlement or approval authority or jurisdiction over any Major Phase, Sub-Phase or Lot in any portion of the Project Site, including but not limited to the San Francisco Port Commission, the Department of Public Works, the Public Utilities Commission, the Planning Commission, the Municipal Transportation Authority, the Building Inspection Commission, the Public Health Commission, the Fire Commission and the Police Commission, or any successor public agency.

"City Costs" shall mean the actual and reasonable costs incurred by a City Agency in performing its obligations under this Agreement, the Interagency Cooperation Agreement or the Development Agreement as determined on a time and materials basis,

including any defense costs as set forth in Section 6.3.2 of the Development Agreement, but excluding work and fees covered by Administrative Fees (as defined in the Development Agreement).

"**City Party**" shall have the meaning set forth in Section 22.1 of the DDA.

"**Commence**" and any variation thereof means the commencement of substantial physical construction as part of a sustained and continuous construction plan.

"**Commercial Lot**" shall have the meaning set forth in Section 17.2 of the DDA.

"**Community Facilities Lot**" shall have the meaning set forth in the Community Facilities Plan.

"**Community Facilities Obligations**" means Developer's obligations under this Agreement to develop or subsidize certain community facilities, attached hereto as Exhibit F.

"**Community Facilities Plan**" means that certain Community Facilities Plan and related Needs Assessment, prepared for the Authority, dated as of June 28, 2011, which outlines a community facility program for Treasure Island, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"**Community Facilities Space**" shall have the meaning set forth in the Community Facilities Plan.

"**Community Facilities Subsidy**" shall have the meaning set forth in Section 13.3.3(a) of the DDA.

"**Complete**" and any variation thereof means, as applicable, that: (i) a specified scope of work has been completed in accordance with Approved plans and specifications; (ii) Governmental Entities with jurisdiction have issued all Authorizations required for the contemplated use and, with respect to Vertical Improvements, occupancy of the work including, if applicable, Certificates of Occupancy; (iii) the site has been cleaned and all equipment, tools and other construction materials and debris have been removed; and (iv) with respect to Public Property and Public Improvements, (a) all bills for the work have been (x) paid and any obligor of Adequate Security has consented to final payment or (y) releases have been obtained from all mechanics and material suppliers or bonds have been provided to secure such liens in a form and amount required by law to cause any such lien to be removed from the applicable portion of the Project Site, (b) no mechanics', materialmen's or other liens have been recorded (unless they have been bonded as provided in (a)(y) above) and the period for recording such liens have expired and (c) all as-built plans and warranties, guaranties, operating manuals, operations and maintenance data, certificates of completed operations or other insurance, and all other close-out items required under any applicable Authorization or Approval have been provided to the Authority.

"**Complete Application**" shall have the meaning set forth in the DRDAP.

"**Complete Major Phase Application**" shall have the meaning set forth in the DRDAP.

"**Complete Sub-Phase Application**" shall have the meaning set forth in the DRDAP.

"**Conduct Code**" shall have the meaning set forth in Section 27.8 of the DDA.

"**Conflicting Law**" means legislation enacted by the Congress of the United States, by the legislature of the State or the enactment of a regulation or statute by any Governmental Entity (other than a City Party) with jurisdiction that precludes or substantially increases the cost of performance or compliance with any provision of this DDA by Developer.

"**Construction Documents**" consist of the documents and materials described for Construction Documents in Exhibit 2 of the DRDAP for a specific Improvement.

"**Construction Work**" shall have the meaning set forth in the Jobs EOP.

"**Construction Contractor**" shall have the meaning set forth in the Jobs EOP.

"**Control**" means the ownership (direct or indirect) by one Person and/or such Person and its Affiliates of day-to-day control of the activities of a Person coupled with a significant and voting interest in such Person.

"**Common Control**" means that two Persons are both Controlled by the same other Person or Persons. "**Controlled**", "**Controlling Interest**" and "**Controlling**" have correlative meanings.

"**Conversion Act**" shall have the meaning set forth in Recital G of the DDA.

"**Conveyance Agreement**" shall have the meaning set forth in Recital O of the DDA.

"**Core Benefits**" shall have the meaning set forth in Section 27.1(c) of the DDA.

"**CRC**" shall have the meaning set forth in Recital D of the DDA.

"**Critical Commercial Lots**" shall have the meaning set forth in Section 17.2 of the DDA.

"**Critical Commercial Lots Payment**" shall have the meaning set forth in Section 17.2.4 of the DDA.

"**Cumulative Sub-Phase Event**" shall have the meaning set forth in Section 24.1.2 of the DDA.

"**DBI**" shall mean the San Francisco Department of Building Inspection.

"**DDA**" shall have the meaning set forth in the Introductory Paragraph of the DDA.

"**Department of Public Works**" means the Department of Public Works of the City, or any successor public agency designated by or under law.

"**Design for Development**" means the Treasure Island and Yerba Buena Island Design for Development approved by the Planning Commission and the Authority, dated June 28, 2011, as amended from time to time consistent with Section 12.

"**Destroyed Land Records Relief Law**" shall have the meaning set forth in Section 10.2.3 of the DDA.

"**Developable Lot**" shall have the meaning set forth in Section 7.8 of the DDA.

"**Developable Market Rate Lots**" shall have the meaning set forth in Section 24.1.2 of the DDA.

"**Developed Critical Commercial Lots**" shall have the meaning set forth in Section 17.2.5 of the DDA.

"**Developed Parking**" shall have the meaning set forth in Section 4.2.1(a)(iii) of the DDA.

"**Developer**" means Treasure Island Community Development, LLC, a California limited liability company, or its successors and assigns of all or substantially all of its rights and corresponding obligations under this DDA, as and to the extent permitted in accordance with the terms of this DDA.

"**Developer Commercial JVs**" shall have the meaning set forth in Section 17.2.1 of the DDA.

"**Developer Extension**" shall have the meaning set forth in Section 24.3.1 of the DDA.

"Developer Housing Subsidy" shall have the meaning set forth in Section 13.3.4 of the DDA.

"**Developer Lot(s)**" shall have the meaning set forth in Section 17.3 of the DDA.

"**Developer Party**" shall have the meaning set forth in Section 11.1.6 of the DDA.

"**Developer Residential Units**" shall have the meaning set forth in the Housing Plan.

"**Developer Representative**" shall have the meaning set forth in Section 28.24(e) of the DDA.

"**Developer Return**" shall have the meaning set forth in the Financing Plan.

"**Developer's Consent**" shall have the meaning set forth in Section 12.4 of the DDA.

"Development Agreement" means that certain Development Agreement entered into by and between the City and County of San Francisco and Developer, dated as of June 28, 2011.

"**Development Fees or Exactions**" has the meaning set forth in the Development Agreement.

"**Development Increment**" shall have the meaning set forth in Section 4.2 of the DDA.

"**Development Increment Remainder Parking**" shall have the meaning set forth in Section 4.2.1(a)(iv) of the DDA.

"**Development Opportunity**" shall have the meaning set forth in Section 3.8.3 of the DDA.

"**Development Plan**" shall have the meaning set forth in Recital L of the DDA.

"**Development Plan Update**" shall have the meaning set forth in Recital L of the DDA.

"**Development Requirements**" means (i) the Project Approvals, (ii) the Transaction Documents and (iii) the documents approved under the DRDAP and the SUD, as they may be amended from time to time.

"**Distributions**" shall have the meaning set forth in the Financing Plan.

"**DRDAP**" means the design review and document approval procedures for the Project Site attached to this DDA as Exhibit CC, as may be amended or supplemented from time to time.

"**Economic Delay**" shall have the meaning set forth in Section 24.1.2 of the DDA.

"**Effective Date**" means the date that this DDA becomes effective, which shall be the later of (i) the date this DDA is executed and delivered by the Parties, or (ii) the date the Board of Supervisors Ordinance approving the Development Agreement is effective.

"**ENA**" shall have the meaning set forth in Recital I of the DDA.

"**Engineer**" means the licensed engineer of record for Infrastructure as selected by Developer and Approved by the Authority Director.

"**Engineer's Certificate**" means a certificate issued by the Engineer in accordance with Section 9.2 that is in the form attached hereto as Exhibit DD with only such changes as may be Approved by Developer and the Authority Director.

"**Entitled Units**" means, individually or collectively as the context requires, the maximum number of Units permitted for the Project Site pursuant to the SUD, which number is, as of the Effective Date, eight thousand (8,000).

"**Environmental Laws**" shall have the meaning set forth in Section 11.2.4 of the DDA.

"**Environmental Remediation**" means the undertaking of any activities to determine the nature and extent of Hazardous Substances that may be located in, on, under or about real property or that has been, are being or threaten to be Released into the environment, and to clean up, remove, contain, treat, stabilize, monitor or otherwise control such Hazardous Substance.

"**Escrow**" shall have the meaning set forth in Section 10.2.1 of the DDA.

"**Event of Default**" shall have the meaning set forth in Section 16.1 of the DDA.

"**Exchange Act**" shall have the meaning set forth in Recital M of the DDA.

"**Excess Land Appreciation Structure**" shall have the meaning set forth in Section 6.2.3(d) of the DDA.

"**Excluded Properties**" shall have the meaning set forth in Recital B of the DDA.

"**Existing Navy Exceptions**" shall have the meaning set forth in Section 10.2.2 of the DDA.

"**Excusable Delay**" shall have the meaning set forth in Section 24.1 of the DDA.

"**Exhibit**" means, individually or collectively as the context requires, each of the exhibits to this DDA listed in the Table of Contents, including any exhibits thereto, as they may be amended or supplemented from time to time in accordance with the terms thereof or of this DDA.

"**Expedited Arbitration Matter**" shall have the meaning set forth in Section 15.1.2 of the DDA.

"**Experience Requirement**" shall have the meaning set forth in Section 21.1(a) of the DDA.

"**Federal Facility Site Remediation Agreement**" means the September 29, 1992 "Federal Facility Site Remediation Agreement for Treasure Island Naval Station", executed by the U.S. Department of the Navy, the California Environmental Protection

Agency, the California Department of Toxics Substances Control, and the California Regional Water Quality Control Board for the San Francisco Bay Region.

"**Final Subdivision Map**" shall have the meaning set forth in Section 1.6(d) of the DDA.

"**Financial Obligations**" shall have the meaning set forth in Section 1.5.

"**Financing Plan**" means the plan attached hereto as Exhibit EE as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"**Force Majeure**" shall have the meaning set forth in Section 24.1.1 of the DDA.

"**Foreclosed Property**" shall have the meaning set forth in Section 20.6 of the DDA.

"**FOST**" shall have the meaning set forth in Recital O of the DDA.

"**Funding Sources**" shall have the meaning set forth in the Financing Plan.

"**Fractional Interest Unit(s)**" means any apartment, condominium or cooperative unit, cabin, lodge, hotel or motel room, or other private or commercial structure containing toilet facilities therein that is designed and available, pursuant to applicable law, for use and occupancy as a residence by one or more individuals, and which is subject to any plan whereby a purchaser, in exchange for consideration, receives ownership rights in or the right to use accommodations for a period of less than a full year during any given year, on a recurring basis for more than one year, but not necessarily for consecutive years.

"**Governmental Entity**" means any court, administrative agency or commission, or other governmental or quasi governmental organization with jurisdiction.

"**Gross Revenues**" shall have the meaning set forth in the Financing Plan.

"**Ground Lease**" shall have the meaning set forth in Section 4.1 of the DDA.

"**Guarantor Net Worth Requirement**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Guarantor**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Guaranty**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Guidelines for Residential Auction Lot Selection**" shall have the meaning set forth in Section 17.5.3 of the DDA.

"**Hazardous Substance**" shall have the meaning set forth in Section 11.2.3 of the DDA.

"**HCAO**" shall have the meaning set forth in Section 27.5 of the DDA.

"**High Rise Lot**" shall have the meaning set forth in Section 24.1.2 of the DDA.

"**Housing Data Table**" shall have the meaning set forth in the Housing Plan.

"**Housing Plan**" means the plan attached hereto as Exhibit E, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"**ICT**" shall have the meaning set forth in Section 7.9 of the DDA.

"**ICT Design**" shall have the meaning set forth in Section 7.9 of the DDA.

"**ICT Products and Solutions**" shall have the meaning set forth in Section 7.9 of the DDA.

"**ICT Rights**" shall have the meaning set forth in Section 7.9 of the DDA.

"**IFD**" shall have the meaning set forth in Recital P of the DDA.

"**IFD Act**" shall have the meaning set forth in Recital P of the DDA.

"**IFD Amendment**" shall have the meaning set forth in Section 3.8.2.1 of the DDA.

"**Improvements**" means all physical improvements required or permitted to be made to the Project Site under this DDA, including Infrastructure and Stormwater Management Controls and Vertical Improvements.

"**Inclusionary Units**" shall have the meaning set forth in the Housing Plan.

"**Increased Adequate Security**" shall have the meaning set forth in Section 16.5.4 of the DDA.

"**Increment**" shall have the meaning set forth in the Financing Plan.

"**Indemnify**" means reimburse, indemnify, defend, and hold harmless. "**Indemnification**" has a correlative meaning.

"**Indemnifying Party**" shall have the meaning set forth in Section 22.4 of the DDA.

"**Index**" means the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose region (base years 1982-1984 = 100) published by the Bureau of Labor Statistics of the United States Department of Labor, but in no event shall any increase adjusted by the Index hereunder be less than two percent (2%) per annum or greater than five percent (5%) per annum.

"**Infrastructure**" means those items identified in the Infrastructure Plan including open space improvements (including park improvements and restrooms), streets, rails, sewer and storm drainage systems, water systems, street improvements (including freeway ramps or other demolition), traffic signal systems, dry utilities, transit facilities, associated public buildings and structures, and other improvements any of which are to be constructed in or for the benefit of the applicable real property or any other matters described in the Infrastructure Plan, and shall include such work as is necessary to deliver real property to the State Lands Commission in the condition required under the Public Trust Exchange Agreement, or otherwise so as to create Developable Lots as set forth in Section 7.8. Infrastructure does not include Stormwater Management Controls.

"**Infrastructure Obligations**" shall have the meaning set forth in Section 7.1.1 of the DDA.

"**Infrastructure Plan**" means the document attached hereto as Exhibit FF, as such document may be amended from time to time in accordance with the terms of this DDA.

"**Initial Closing Phase**" shall have the meaning set forth in Section 6.1.2 of the DDA.

"**Initial Major Phase**" shall have the meaning set forth in Section 1.5 of the DDA.

"**Initial Major Phase Application"** shall mean the Major Phase Application for the Initial Major Phase.

"**Initial Sub-Phases**" shall have the meaning set forth in Section 3.5 of the DDA.

"**Insurance Requirements**" shall have the meaning set forth in Section 22.6 of the DDA.

"**Interagency Cooperation Agreement**" means that certain Interagency Cooperation Agreement (Treasure Island/Yerba Buena Island) entered into in connection with the Project between the Authority and the City and attached hereto as Attachment 3, as amended from time to time.

"**Interim Lease Revenues**" shall have the meaning set forth in the Financing Plan.

"**IP**" shall have the meaning set forth in Section 7.9 of the DDA.

"**IPM**" shall have the meaning set forth in Section 27.15 of the DDA.

"**Jobs EOP**" shall have the meaning set forth in Section 13.1.8 of the DDA.

"**Jobs-Housing Linkage Fee**" shall have the meaning set forth in the Development Agreement.

"**JV Lots**" shall have the meaning set forth in Section 17.3 of the DDA.

"**Land Acquisition Agreements**" shall have the meaning set forth in Section 25.2 of the DDA.

"**Losses**" shall have the meaning set forth in Section 22.1 of the DDA.

"**Lot**" means a parcel of land within the Project Site that is a legal lot shown on a Subdivision Map.

"**LRA**" shall have the meaning set forth in Recital C of the DDA.

"**Major Phase 1**" means the area identified as Major Phase 1 in the Phasing Plan.

"**Major Phase 4**" means the area identified as Major Phase 4 in the Phasing Plan.

"**Major Phases**" shall have the meaning set forth in Section 3.1 of the DDA.

"**Major Phase Application**" shall have the meaning set forth in Section 3.5 of the DDA.

"**Major Phase Approval**" shall have the meaning set forth in Section 3.3 of the DDA

"**Major Phase Community Facilities Maximum Amount**" shall have the meaning set forth in Section 13.3.3(c) of the DDA.

"**Major Phase Decisions**" shall have the meaning set forth in Section 6.2.3 of the DDA

"**Management Plan**" means a Soil and Groundwater Management Plan approved by the applicable regulatory agencies.

"**Marina**" means the waterside Marina improvements to be developed by Treasure Island Enterprises, LLC, or such other successor party, as more particularly described in the Marina Term Sheet.

"**Marina Access Improvements**" shall have the meaning set forth in Section 8.3 of the DDA.

"**Marina Developer**" means Treasure Island Enterprises, LLC, or such other successor party developing the Marina.

"**Marina Revenues**" means all revenues received by Authority attributable to or in any way related to the Marina operations from the Marina Developer or any party other than Developer.

"**Marina Term Sheet**" means the Term Sheet for the Redevelopment, Expansion and Operation of the Treasure Island Marina between the Authority and Treasure Island

Enterprises, LLC dated November 8, 2000, as amended by that certain Addendum dated November 10, 2004, and that Second Addendum to Term Sheet dated October 10, 2007.

"**Market Rate Lots**" shall have the meaning set forth in the Housing Plan.

"**Market Rate Units**" shall have the meaning set forth in the Housing Plan.

"**Master CC&Rs**" shall have the meaning set forth in Section 10.3.2(e) of the DDA.

"**Master Developer**" shall have the meaning set forth in Section 1.5 of the DDA.

"**Material Breach**" shall have the meaning set forth in Section 16.2.3 of the DDA.

"**Material Modifications**" means amendments or modifications to this DDA or any of its Attachments that would materially increase the burdens and responsibilities of the Authority or materially decrease the benefits to the Authority, as reasonably determined by the Authority Director. Notwithstanding the foregoing, amendments or modifications to the Infrastructure Plan that modify construction standards, materials, practices or specifications for Infrastructure shall not require approval by the Board of Supervisors unless the Authority Director and, with respect to any Infrastructure and Stormwater Management Controls to be owned or maintained by the City, the Director of Public Works, reasonably determine that such amendment or modification under the circumstances, would significantly increase costs to the City or Authority of ownership.

"**Minimum Bid Price**" shall have the meaning set forth in Section 10.3.2(g) of the DDA.

"**Mitigation Measures**" shall have the meaning set forth in Section 18.1 of the DDA.

"**Mortgage**" shall have the meaning set forth in Section 20.1 of the DDA.

"**Mortgagee**" shall have the meaning set forth in Section 20.1 of the DDA.

"**Mortgagee Acquisition**" shall have the meaning set forth in Section 20.6 of the DDA.

"**Mortgagor**" shall have the meaning set forth in Section 20.1 of the DDA.

"**Navy**" shall have the meaning set forth in Recital O of the DDA.

"**Navy Payment**" means that Initial Consideration and Additional Consideration as those terms are defined in the Conveyance Agreement.

"**Net Worth**" means net worth calculated using generally accepted accounting principles ("**GAAP**"). In the case of a corporation, "**Net Worth**" shall mean

shareholders' equity calculated in accordance with GAAP. Any reference in this DDA to a minimum Net Worth or a Net Worth Requirement shall mean that the Net Worth must be satisfied and maintained at all times. Upon the Authority's request, a Person required to maintain a minimum Net Worth under this DDA shall provide to the Authority reasonable evidence that it satisfies the Net Worth Requirement, including a copy of the most recent audit of such Person (which shall in no event be dated more than thirteen (13) months before the date of the Authority's request). Any such audit must have been performed by an independent third-party auditor and must include the opinion of the auditor indicating that the financial statements are fairly stated in all material respects.

"**Net Worth Requirement**" means (i) for Transfer of a Major Phase or portions of a Major Phase that cumulatively equal or exceed a land area of seventy percent (70%) or more of the Major Phase, a Net Worth equal to or more than Seventy Five Million Dollars ($75,000,000), increased automatically by ten percent (10%) on each five (5) year anniversary of the Effective Date and (ii) for Transfers of one or more Sub-Phases that cumulatively equal less than seventy percent (70%) of the land area in a Major Phase, a Net Worth equal to or more than the higher of (A) Twenty Five Million Dollars ($25,000,000), increased automatically by ten percent (10%) on each five (5) year anniversary of the Effective Date or (B) the amount determined under clause (i) above times the percentage of the total land area in the Major Phase that is being Transferred. Any entity required to satisfy the Net Worth Requirement can do so either by either meeting the Net Worth Requirement itself or by providing a Guaranty, covering all of that entity's obligations under this DDA without limitation, from an entity that meets the Net Worth Requirement.

"**Non-Critical Commercial Lots**" shall have the meaning set forth in Section 17.2 of the DDA.

"**Non-Developer Critical Commercial Lot**" shall have the meaning set forth in Section 17.2.5 of the DDA.

"**Notice of Termination**" shall have the meaning set forth in Section 28.36 of the DDA.

"**Notifying Party**" shall have the meaning set forth in Section 16.1 of the DDA.

"**NSTI**" shall have the meaning set forth in Recital A of the DDA.

"**Official Records**" means the Official Records of the City and County of San Francisco maintained by the City's Recorder's Office.

"**Open Space Lot**" means a Lot primarily used for Improvements constructed in accordance with the Parks and Open Space Plan.

"**Original Project Guaranty**" means that certain Guaranty provided by Lennar in connection with the ENA, dated as of June 1, 2003.

"**Original TIHDI Agreement**" shall have the meaning set forth in Recital F of the DDA.

"**Outside Date**" means the last date by which a particular obligation may be satisfied, as such date is set forth in the Schedule of Performance.

"**Owner/Occupant**" means for a Lot, Unit or commercial condominium in the Project Site, as applicable, the Person holding fee title thereto.

"**Park Extension**" shall have the meaning set forth in Section 24.4 of the DDA.

"**Parking Data Table**" shall have the meaning set forth in Section 4.2.1(a) of the DDA.

"**Parks and Open Space Plan**" means the plan attached hereto as Exhibit GG, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"**Party**" means, individually or collectively as the context requires, Developer, the Authority and any Transferee that is made a Party to this DDA under the terms of an Assignment and Assumption Agreement Approved by the Authority Director.

"**PCBs**" shall have the meaning set forth in Section 11.2.3 of the DDA.

"**Permit to Enter**" means, initially, the document attached to this DDA as Exhibit HH, as such document may be revised from time to time by the Authority upon notice thereof to Developer. The Authority may from time to time amend the attached form of Permit to Enter and impose such insurance, bond, guaranty and indemnification requirements as the Authority determines are necessary or appropriate to protect its interests, consistent with the Authority's custom and practice and in a manner that will not unnecessarily interfere with or materially increase the cost or risk of Developer's ability to perform under this DDA or if it would unnecessarily interfere with or materially increase the cost or risk, such amendment must be consistent with commercial industry practice.

"**Permitted Exceptions**" means permitted title exceptions at a close of Escrow as set forth in Section 10.2.

"**Person**" means one or more natural persons or corporations, partnerships, trusts, limited liability companies, limited liability partnerships or other entities.

"**Pesticide Ordinance**" shall have the meaning set forth in Section 27.15 of the DDA.

"**Petroleum Corrective Action Plan**" means the Final Corrective Action Plan, Sites 06, 14/22, 15, and 25, Naval Station Treasure Island dated June 28, 2002, prepared by Tetra Tech EM Inc. for the Department of the Navy, and the Corrective Action Plan,

Inactive Fuel Lines, Naval Station Treasure Island dated December 2003, prepared by Tetra Tech, Inc. for Department of Navy, as amended from time to time.

"**Phase 1 Area**" shall have the meaning set forth in Section 6.1.2 of the DDA.

"**Phasing Goals**" shall have the meaning set forth in Section 3.2 of the DDA.

"**Phasing Plan**" means the map attached hereto as Exhibit II, as such map may be amended from time to time in accordance with the terms of this DDA.

"**Planning Commission**" shall have the meaning set forth in the DRDAP.

"**Police and Fire Station Lot**" shall have the meaning set forth in the Community Facilities Plan.

"**Political Activity**" shall have the meaning set forth in Section 27.7 of the DDA.

"**Port**" shall have the meaning set forth in Section 21.12 of the DDA.

"**Pre-Approved Arbiters List**" shall have the meaning set forth in Section 15.3.1 of the DDA.

"**Private Information**" shall have the meaning set forth in Section 27.18(c) of the DDA.

"**Product Types**" shall have the meaning set forth in Section 17.5.2 of the DDA.

"**Proforma**" shall have the meaning set forth in Section 3.9.

"**Project**" shall have the meaning set forth in Section 1.1 of the DDA.

"**Project Account**" shall have the meaning set forth in the Financing Plan.

"**Project Approvals**" shall mean the Project Approvals listed in Exhibit C to the Development Agreement.

"**Project Cost**" shall have the meaning set forth in the Financing Plan

"**Project EIR**" shall have the meaning set forth in Recital W of the DDA.

"**Project MMRP**" shall have the meaning set forth in Recital W of the DDA.

"**Project Site**" shall have the meaning set forth in Recital B of the DDA.

"**Project Special Taxes**" shall have the meaning set forth in the Financing Plan.

"**Project Subsidies**" shall have the meaning set forth in Section 13.3 of the DDA.

"**Protection of Information Ordinance**" shall have the meaning set forth in Section 27.18 of the DDA.

"**PTR Package**" shall have the meaning set forth in Section 10.2.2 of the DDA.

"**Public Financing**" shall have the meaning set forth in the Financing Plan.

"**Public Improvements**" shall have the meaning set forth in Section 9.2.5 of the DDA.

"**Public Property**" shall have the meaning set forth in Section 3.7 of the DDA.

"**Public Trust**" shall have the meaning set forth in Section 6.1.1 of the DDA.

"**Public Trust Exchange**" shall have the meaning set forth in Section 6.1.1 of the DDA.

"**Public Trust Exchange Agreement**" shall have the meaning set forth in Section 6.1.1 of the DDA.

"**Public Trust Parcels**" shall mean portions of the Project Site that are subject to the Public Trust upon completion of a Public Trust Exchange.

"**Qualified Appraiser Pool**" shall have the meaning set forth in Section 17.4.1 of the DDA.

"**Qualified Buyer**" means a third-party buyer (i) who is not an Affiliate of Developer and is reasonably creditworthy given the obligations it is assuming, and (ii) the principals of which have at least five (5) years of experience in developing the kind of housing or commercial product to be developed on the Lot the Qualified Buyer is seeking to purchase.

"**Qualified Housing Developer**" shall have the meaning set forth in Exhibit E.

"**Quiet Title Action**" shall have the meaning set forth in Section 10.2.3 of the DDA.

"**Ramps Subsidy**" shall have the meaning set forth in Section 13.3.6 of the DDA

"**Redesign Plan**" shall have the meaning set forth in Section 6.2.5(b) of the DDA.

"**Redesign Budget**" shall have the meaning set forth in Section 6.2.5(c) of the DDA.

"**Redesign Costs**" shall have the meaning set forth in Section 6.2.5(c) of the DDA.

"**Redesign Trigger Event**" shall have the meaning set forth in Section 6.2.5(a) of the DDA.

"**Reference Date**" shall have the meaning set forth in the Introductory Paragraph of the DDA.

"**Related Infrastructure**" shall have the meaning set forth in Section 7.1.1 of the DDA.

"**Release**" shall have the meaning set forth in Section 11.2.5 of the DDA.

"**Remainder Parking**" shall have the meaning set forth in Section 4.2.1(a)(iv) of the DDA.

"**Remediation Agreement**" means an agreement, not contained in this DDA, between Developer and another Person relating to the remediation of Hazardous Substances on some or all of the Project Site.

"**Replacement Housing Obligation**" shall have the meaning set forth in the Housing Plan.

"**Replacement Housing Units**" shall have the meaning set forth in the Housing Plan.

"**Requested Change Notice**" shall have the meaning set forth in Section 3.8.2 of the DDA.

"**Required Improvements**" means the police/fire station as described in the Community Facilities Obligations, the ferry terminal and quay, as described in the Infrastructure Plan, and the grocery store consisting of 15,000 s.f., as described in the Community Facilities Obligations.

"**Required Retail**" shall have the meaning set forth in Section 8.2 of the DDA.

"**Required Vegetation Removal**" shall have the meaning set forth in Section 6.1.4 of the DDA.

"**Residential Auction Lot**" shall have the meaning set forth in Section 17.3 of the DDA.

"**Re-Setting of the Minimum Bid Price**" shall have the meaning set forth in Section 17.5 of the DDA.

"**Residential Auction Lots**" shall have the meaning set forth in Section 17.3 of the DDA.

"**Residential Developable Lot**" shall have the meaning set forth in Exhibit E.

"**Residential Project**" means a Vertical Project that is consistent with the Development Requirements and contains Units and other consistent uses, if any.

"**Residential Unit**" shall have the meaning set forth in the Housing Plan.

"**Reuse Plan**" shall have the meaning set forth in Recital E of the DDA.

"**Reversionary Contest Period**" shall have the meaning set forth in Section 16.5.1(f) of the DDA.

"**Reversionary Cure Notice**" shall have the meaning set forth in Section 16.5.1(a)(ii) of the DDA.

"**Reversionary Default**" shall have the meaning set forth in Section 16.5.1(a)(i) of the DDA.

"**Reversionary Quitclaim Deed**" shall have the meaning set forth in Section 16.5.1of the DDA.

"**Reversionary Recordation Notice**" shall have the meaning set forth in Section 16.5.1(d) of the DDA.

"**Reverter Release**" shall have the meaning set forth in Section 16.5.4 of the DDA.

"**Reverter Release Recordation Notice**" shall have the meaning set forth in Section 16.5.4 of the DDA.

"**Right of Reverter**" shall have the meaning set forth in Section 16.5.1(a) of the DDA.

"**Secured Amount**" shall have the meaning set forth in Section 26.1 of the DDA.

"**Schedule of Performance**" means the schedule of performance attached hereto as Exhibit JJ, as such schedule of performance may be updated under the terms of this DDA, including Article 3, amended upon the Approval by Developer and the Authority, or extended by Excusable Delay.

"**School Subsidy**" shall have the meaning set forth in the Section 3.3.6(a) of the DDA.

"SFCTA" means the San Francisco County Transportation Authority

"**SFCTA MOA**" as defined in Section 13.3.6 of the DDA.

"SFPUC" means the San Francisco Public Utilities Commission.

"SFUSD" means the San Francisco Unified School District.

"**Significant Change**" means (i) Developer files, or is the subject of, a petition for bankruptcy, or makes a general assignment for the benefit of its creditors, (ii) a receiver is appointed on account of Developer's insolvency, (iii) a writ of execution or attachment or any similar process is issued or levied against any bank accounts of Developer, or against any property or assets of Developer being used or required for use in the

development of the Infrastructure and Stormwater Management Controls or against any substantial portion of any other property or assets of Developer, or (iv) a final non-appealable judgment is entered against Developer in an amount in excess of Five Million Dollars ($5,000,000.00), and the party against whom judgment is entered is unable to either satisfy or bond the judgment.

"**Significant Change to Guarantor**" as defined in Section 26.3.2 of the DDA.

"**Soil Stockpile**" shall have the meaning set forth in Section 13.3.7 of the DDA.

"**SOQHD**" shall have the meaning set forth in Section 17.2 of the DDA.

"**State**" means, as the context requires, (i) the State of California, or (ii) the territorial jurisdiction of the foregoing.

"**State Lands**" shall have the meaning set forth in Section 6.1.1 of the DDA.

"**Stormwater Management Controls**" means the facilities, both those to remain privately-owned and those to be dedicated to the City, that comprise the infrastructure and landscape system that is intended to manage the stormwater runoff associated with the Project, as required by the San Francisco stormwater management standards, the applicable NPDES permit, and/or state and federal law, and as described in the Infrastructure Plan. Stormwater Management Controls include but are not limited to: (i) swales and bio-swales (including plants and soils), (ii) bio-retention and bio-filtration systems (including plants and soils), (iii) constructed ponds and/or wetlands (vi) permeable paving systems, and (v) other facilities performing a stormwater control function constructed to comply with the San Francisco stormwater management standards, the applicable NPDES permit, and/or state and federal law. Stormwater Management Controls shall not mean Infrastructure that is part of the traditional collection system such as catch basins, stormwater pipes, stormwater pump stations, outfalls, and other such facilities that are located in the public right-of-way.

"**Sub-Phases**" shall have the meaning set forth in Section 3.1 of the DDA.

"**Sub-Phase Application**" shall have the meaning set forth in Section 3.5 of the DDA.

"**Sub-Phase Event**" shall have the meaning set forth in Section 24.1.2 of the DDA.

"**Sub-Phase Approval**" shall have the meaning set forth in Section 3.4 of the DDA.

"**Subdivision Map**" means a subdivision map as defined in the TI/YBI Subdivision Code.

"**Submerged Lands**" shall have the meaning set forth in Recital A of the DDA.

"**Subsequent Closing Phase**" shall have the meaning set forth in Section 6.1.3 of the DDA.

"**Subsidies**" shall mean those Subsidies described in Section 13 hereof.

"**Substantial Completion**" and any variation thereof means (A) for Infrastructure and Stormwater Management Controls, that the Authority Director determines, in his or her reasonable discretion following consultation with the Department of Public Works, that (i) the work has been substantially completed in accordance with the Construction Documents, and (ii) the Infrastructure and Stormwater Management Controls has been Completed except for (x) customary punch list work that does not prevent a Vertical Developer from constructing Vertical Improvements and (y) work customarily not Completed until Vertical Improvements have been substantially Completed in order to avoid damage to such work or to achieve customary sequencing of the work (e.g., testing that requires Vertical Improvements to be in place) and (B) for Vertical Improvements, that the Authority Director determines, in his or her reasonable discretion following consultation with DBI, that the applicable Vertical Improvements are substantially complete and that the life safety systems within the applicable Vertical Improvement have been installed and are fully functional.

"**Substantially Complete Application,**" "**Substantially Complete Major Phase Application**" or "**Substantially Complete Sub-Phase Application**" means a Major Phase or Sub-Phase Application, as applicable that has been submitted to Authority in accordance with the DRDAP along with substantially all of the required submittal materials, but Authority has not fully accepted the Application as Complete pending Developer's submittal of additional information or materials determined by Authority as reasonably necessary to accept the Application as Complete.

"**Summary Proforma**" means the summary proforma attached to the DDA as Exhibit S, as it may be amended from time to time in accordance with Section 3.9 of the DDA.

"**SUD**" shall have the meaning set forth in Section 4.2 of the DDA.

"**Sustainability Obligations**" shall have the meaning set forth in Section 13.1.7 of the DDA.

"**Taxable Parcel**" shall have the meaning set forth in the Financing Plan.

"**Tentative Subdivision Map**" shall have the meaning set forth in Section 1.6(d) of the DDA.

"**Term**" shall have the meaning set forth in Section 2 of the DDA.

"**Third Party**" means a Person other than Developer and its Affiliates.

"**TI/YBI Subdivision Code**" means the Subdivision Code of the City and County of San Francisco for Treasure Island and Yerba Buena Island and the regulations promulgated thereunder, as each may be amended from time to time.

"**TICAB**" shall have the meaning set forth in Recital K of the DDA.

"**TICD**" means Treasure Island Community Development, LLC, a California limited liability company.

"**TIHDI**" shall have the meaning set forth in Recital F of the DDA.

"**TIHDI Agreement**" shall have the meaning set forth in Recital F of the DDA.

"**TIHDI Job Broker Program Subsidy**" shall have the meaning set forth in Section 9.1 of the Jobs EOP.

"**TIHDI Member Organizations**" shall have the meaning set forth in the TIHDI Agreement.

"**Title Company**" means Chicago Title Company, or such other reputable title company determined by Developer and Approved by the Authority Director, licensed to do business in the State and having an office in the City.

"**Title Objection Period**" shall have the meaning set forth in Section 10.2.2 of the DDA.

"**TITMA**" shall have the meaning set forth in Recital N of the DDA.

"Transaction Documents" means (1) this DDA, the Vertical Disposition and Development Agreements, Lease Disposition and Development Agreements and Ground Leases, and related conveyance agreements governing the development of the Project Site in accordance with the DDA, (2) the Land Acquisition Agreements, (4) the Interagency Cooperation Agreement, and (4) other necessary transaction documents for the conveyance, management and redevelopment of the Project Site.

"**Transfer**" means to convey, transfer, sell, or assign as and to the extent permitted under this DDA.

"**Transfer Map**" means a Transfer Map as defined in the Treasure Island/Yerba Buena Island Subdivision Code.

"**Transferable Infrastructure**" shall have the meaning set forth in Section 7.2.1 of the DDA.

"**Transferee**" means any Person to whom Developer Transfers any rights and corresponding obligations under this DDA relating to a Major Phase, Infrastructure and Stormwater Management Controls or horizontal development, as permitted under this DDA, including Transfers to Affiliates of Developer. Vertical Developers, or any

transferee of the right to apply for or to construct Vertical Improvements, shall not be deemed to be Transferees as such term is used in this DDA.

"**Transportation Capital Contribution Account**" shall have the meaning set forth in Section 13.3.2(f) of the DDA.

"**Transportation Plan**" means that certain Treasure Island Transportation Implementation Plan, approved by the Authority on April 21, 2011 by Resolution No. 11-17-04/21, which outlines the transportation program for Treasure Island and Yerba Buena Island, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"**Transportation Subsidy Account**" shall have the meaning set forth in Section 13.3.2(b) of the DDA.

"**Transient Occupancy**" means occupancy for a period of less than thirty (30) consecutive calendar days.

"**Transient Occupancy In-Lieu Fee**" shall have the meaning set forth in the Development Agreement.

"**Transit Hub**" shall have the meaning set forth in Section 1.3(n) of the DDA.

"Transition Housing Rules and Regulations" means those Transition Housing Rules and Regulations for the Villages at Treasure Island, adopted by the Authority on April 21, 2011.

"**Transition Requirements**" shall have the meaning set forth in Section 10.3.3(h) of the DDA.

"**Transportation Capital Contributions Subsidy**" shall have the meaning set forth in Section 13.3.3 of the DDA.

"Transportation Plan Obligations" means those obligations of the Transportation Plan for which Developer is responsible, as described in Exhibit N attached hereto.

"**Transportation Subsidy Payment Date**" shall have the meaning set forth in Section 13.3.2(a) of the DDA.

"**Trust Exchange Closing Phase**" shall have the meaning set forth in Section 6.1.1 of the DDA.

"**Unrelated Infrastructure**" shall have the meaning set forth in Section 7.1.2 of the DDA.

"**Vertical Application**" shall have the meaning set forth in the DRDAP.

"**Vertical Approval**" shall have the meaning set forth in the DRDAP.

"**Vertical Developer**" means for a particular Lot or Vertical Improvement, the Person that is a party to the applicable Vertical DDA related thereto.

"**Vertical Development**" means the development of Vertical Improvements.

"**Vertical Improvement**" means an Improvement to be developed under this DDA that is not Infrastructure and Stormwater Management Controls or Improvements required to be Completed by Developer for the Parks and Open Spaces.

"**Vertical DDA**" shall have the meaning set forth in Section 1.2 of the DDA.

"**Vertical LDDA**" shall have the meaning set forth in Section 1.2 of the DDA.

"**Vertical Project**" means the process of designing, Commencing and Completing a Vertical Improvement under a Vertical DDA.

"**Wastewater Treatment Facility**" shall have the meaning set forth in the Infrastructure Plan.

"**Work Program**" shall have the meaning set forth in Section 6.2.5(c) of the DDA.

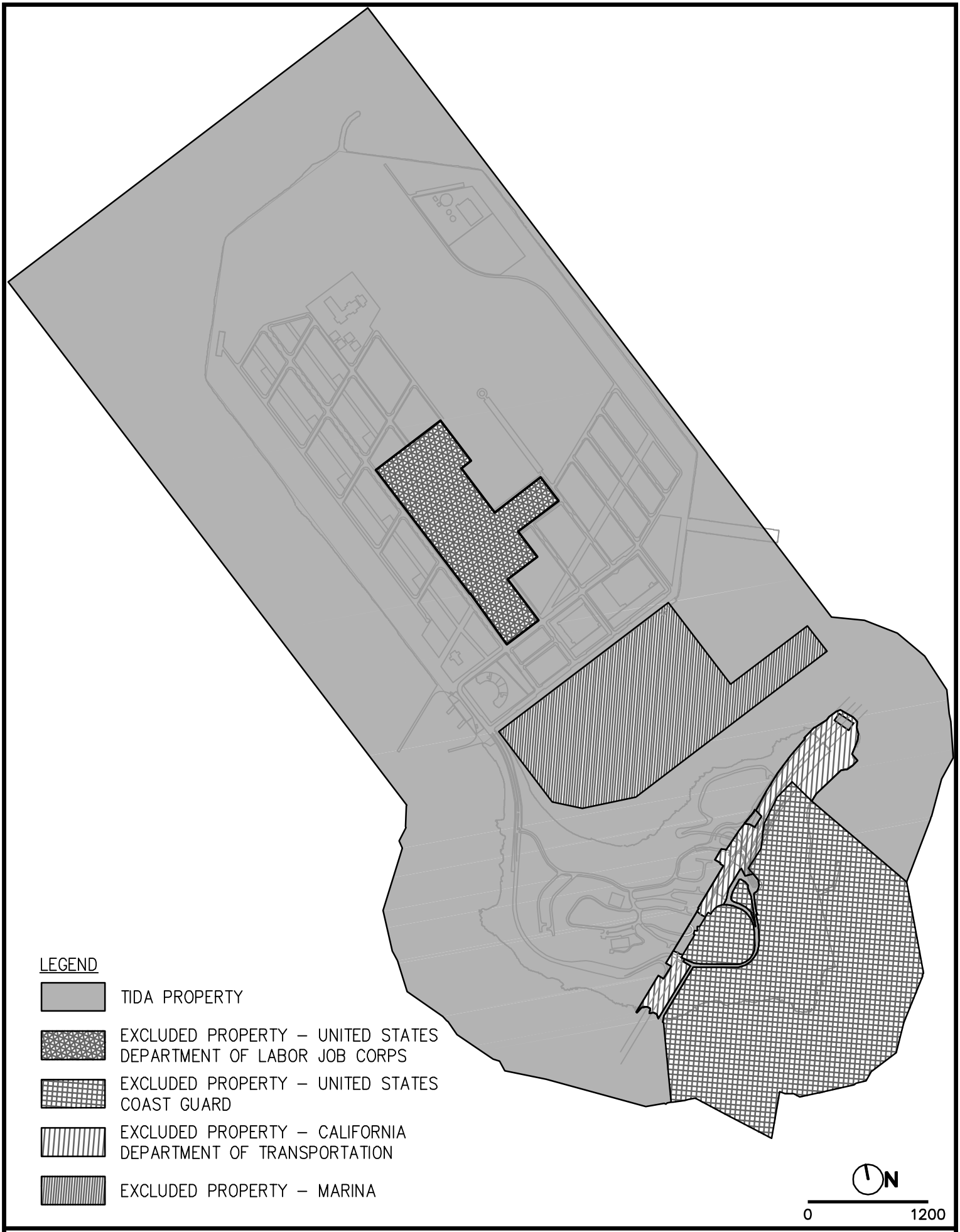


EXHIBIT B-1: PROJECT SITE / EXCLUDED PROPERTIES

Pacific Land Surveys
June 27, 2011
PLS Job No. 20110101-01

Exhibit "B-2"

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

All those lands comprised of portions of the lands commonly known as Treasure Island and Yerba Buena Island lying within the City and County of San Francisco, State of California described as follows:

That portion of the lands described in that certain Presidential Reservation of Goat Island (now Yerba Buena Island), dated November 6, 1850, lying northwesterly of Parcel 57935-1 as described in that certain Quitclaim Deed, recorded October 26, 2000, as Document Number 2000G855531, in the office of the Recorder of the said City and County of San Francisco (hereinafter referred to as Doc. 2000G855531);

Together with all of the underlying fee to Parcel 57935-5 as described in said Quitclaim Deed (Doc. 2000G855531) and all of the underlying fee to Parcel 57935-6 as described in said Quitclaim Deed (Doc. 2000G855531),

Also together with that portion of the tide and submerged lands in San Francisco Bay, relinquished to the United States of America by that certain act of the Legislature of the State of California by Statutes of the State of California of 1897, Chapter 81 (hereinafter referred to as Stat. 1897, Ch. 81);

Also together with all of the Tidelands and Submerged Lands in San Francisco Bay known as Treasure Island as described in that certain Final Judgment of Condemnation, filed April 3, 1944, in the District Court of the United States in and for the Northern District of California, Southern Division, Case Number 22164-G (hereinafter referred to as Case 22164-G),

Also together with all of that portion of the lands described in that certain Presidential Reservation of Goat Island (now Yerba Buena Island), dated November 6, 1850, lying southeasterly of Parcel 57935-1 as described in that certain Quitclaim Deed, recorded October 26, 2000, as Document Number 2000G855531, in the office of the Recorder of the said City and County of San Francisco (hereinafter referred to as Doc. 2000G855531); excepting therefrom those lands shown as the Lands of the United States Coast Guard on that certain Record of Survey, entitled "Record of Survey #5923" recorded in Book DD of Maps at Pages 24-28 on April 28, 2010;

Also excepting therefrom, that portion of the said Tidelands and Submerged Lands in San Francisco Bay known as Treasure Island (Case 22164-G), commonly referred to as the Job Corps

Center, Treasure Island, which was transferred to the United States Department of Labor by that certain document entitled "Transfer and Acceptance of Military Real Property", Dated March 3, 1998;

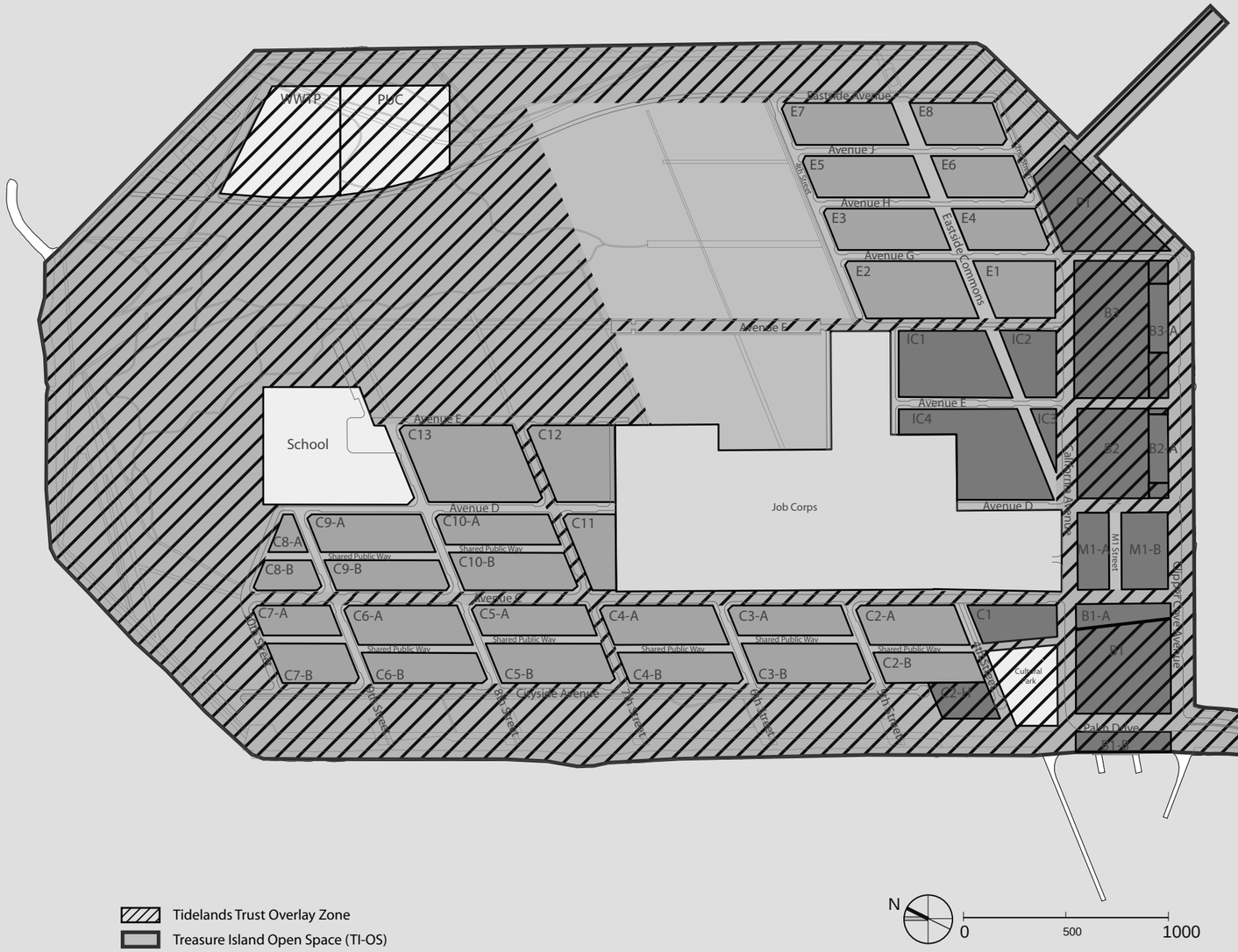
Also excepting therefrom, portions of: the Tidelands and Submerged Lands in San Francisco Bay known as Treasure Island as described in that certain Final Judgment of Condemnation, filed April 3, 1944, in the District Court of the United States in and for the Northern District of California, Southern Division, Case Number 22164-G (hereinafter referred to as Case 22164-G), and the tide and submerged lands in San Francisco Bay, relinquished to the United States of America by that certain act of the Legislature of the State of California by Statutes of the State of California of 1897, Chapter 81 (hereinafter referred to as Stat. 1897, Ch. 81); being more particularly described as follows: commencing at the southwest corner of the lands described above in Case Number 22164-G, said point being marked by a brass disk labeled “Goat”, thence northerly along the westerly line of said lands North 26 degrees 51’ 06” West 601.09 feet; thence leaving said line, North 63 degrees 08’47” East 1173.50 feet to the True Point of beginning of this exception; thence along the following eight courses: North 26 degrees 51’ 13” West 878.38 feet; North 63 degrees 08’ 47” East 2121.50 feet; South 26 degrees 51’ 13” East 1024.20 feet; North 63 degrees 08’ 47” East 961.00 feet; South 26 degrees 51’ 13” East 320.20 feet; South 63 degrees 08’ 47” West 2391.50 feet; thence South 88 degrees 38’ 47” West 543.80 feet; thence North 67 degrees 39’ 13” West 306.35 feet to the True Point of Beginning of this exception.

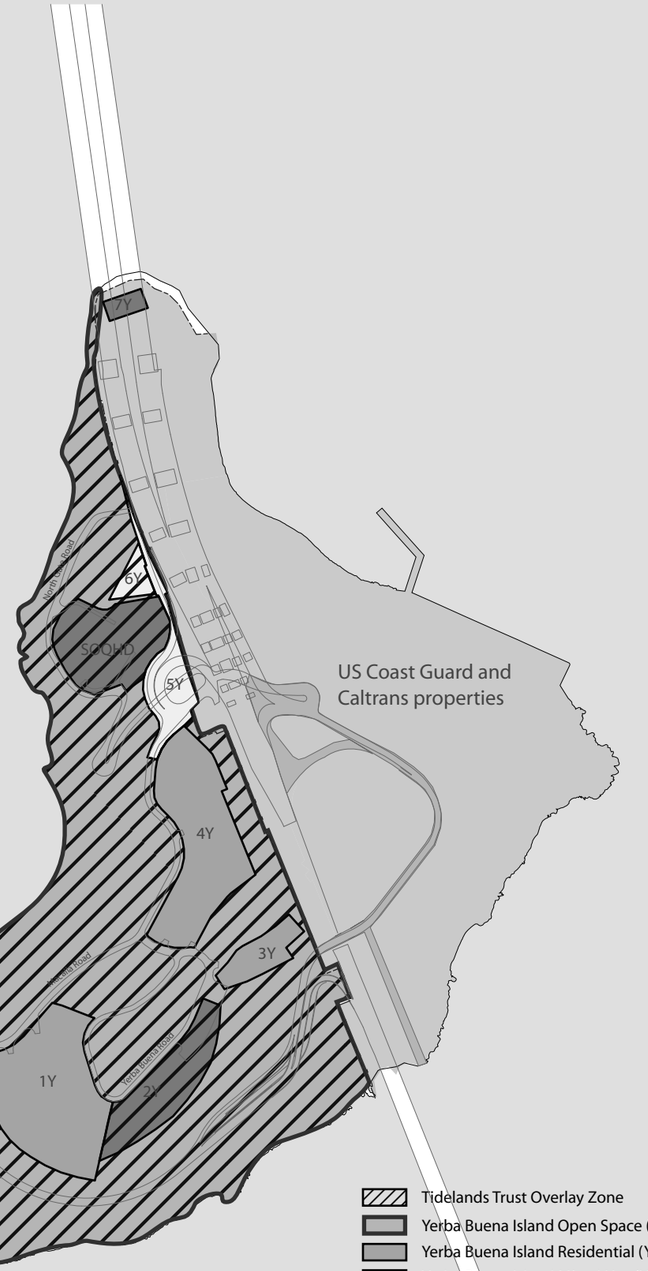
Also excepting therefrom, that portion of the said Tide and Submerged Lands in San Francisco Bay, relinquished to the United States of America (Stat. 1897, Ch. 81), within the "Army Reservation, Occupied by U.S. Light House Service under Permit from Secretary of War dated May 27, 1872" as shown and described upon that certain map entitled "Plat of Army and Navy reservations on Yerba Buena (Goat) Island, San Francisco Bay, California";

And further excepting therefrom, that portion of the Tide and Submerged Lands in San Francisco Bay, relinquished to the United States of America (Stat. 1897, Ch. 81) which were transferred to the United States Coast Guard by that certain document entitled "Transfer and Acceptance of Military Real Property", Dated November 26, 2002.

As portions of said land are shown on those certain Records of Survey filed for record: July 15, 2003 in Book M of maps at pages 85 through 95, inclusive, and as shown on the map entitled "Map and Metes and Bounds Description of United States Military and Naval Reservations, Yerba Buena (Goat) Island, California" including land ceded by the State of California by Act of Legislature of the State of California, approved March 9,1897 (Stat. Cal., 1897, p. 74) filed April 12, 1934 in Book N of Map at Page 14; and on April 28, 2010, in Book DD of Maps at Pages 24-28, entitled “Record of Survey #5923”; recorded in the Office of the Recorder of the City and County of San Francisco.

Exhibit D: Land Use Plan





- Tidelands Trust Overlay Zone
- Treasure Island Open Space (TI-OS)
- Treasure Island Residential (TI-R)
- Treasure Island Mixed Use (TI-MU)
- Treasure Island Public Services/Civic/Institutional (TI-PCI)
- Job Corps

- Tidelands Trust Overlay Zone
- Yerba Buena Island Open Space (YBI-OS)
- Yerba Buena Island Residential (YBI-R)
- Yerba Buena Island Mixed Use (YBI-MU)
- Yerba Buena Island Public Services/Civic/ Institutional (YBI-PCI)

EXHIBIT E

DISPOSITION AND DEVELOPMENT AGREEMENT

(TREASURE ISLAND/YERBA BUENA ISLAND)

HOUSING PLAN

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ATTACHMENTS

SUMMARY

The development plan for Naval Station Treasure Island ("NSTI") under the DDA calls for the development of up to 8,000 residential units. This housing plan (the "Housing Plan") provides that not less than 25% of the residential units that may be developed at the Project Site (2,000 units if the full 8,000 units are developed) will be below market rate units affordable to low and moderate income households or Transitioning Households, and provides that this percentage may increase to 30% if additional public funds for affordable housing becomes available. Of the 2,000 below market rate units, the parties anticipate that up 1,684 units will be developed by Qualified Housing Developers, including approximately 435 to be developed by TIHDI member organizations. And approximately 21.7% of the acreage of the developable residential pads will be available and used for the development of these 1,684 affordable housing units.

The remainder of the below market rate units will be inclusionary units built by Vertical Developers in concert with the private market-rate development projects. Five percent (5%) of the total Developer Residential Units shall be Inclusionary Units. Developer may sell land to Vertical Developers, including Developer and its Affiliates as permitted in the DDA, to develop up to Six Thousand (6,000) Market Rate Residential Units. If the maximum total number of Market Rate Units is built, then the total number of Inclusionary Units would be Three Hundred Sixteen (316), for a total number of Developer Residential Units of Six Thousand Three Hundred Sixteen (6,316) units. The Inclusionary Units will be constructed and sold or rented in accordance with this Housing Plan.

Developer will submit to the Authority Major Phase Applications and Sub-Phase Applications pursuant to the DDA and the DRDAP. Each Major Phase will include one or more Sub-Phases. Following each Sub-Phase Approval, the Authority will convey the Market Rate Lots within that Sub-Phase to Developer and Developer will prepare Developable Lots in Sub-Phases in accordance with the Phasing Plan and the Schedule of Performance. Developer will then convey the Market Rate Lots to Vertical Developers for residential development in accordance with an approved Vertical DDA and the Development Requirements. The Authority Housing Lots will be used for the development of Authority Housing Units in accordance with this Housing Plan. While the Developer will retain flexibility and discretion to respond to market conditions regarding the types, sizes and locations of Developer Residential Units consistent with the Development Requirements, the Project will phased so as to include a mix of Market Rate Lots and Authority Housing Lots as needed to meet the proportionality requirements of this Housing Plan.

Developer and the Authority have designated the general location of the Authority Housing Lots, which are distributed throughout the Project Site. The Authority and TIHDI will be responsible for causing the development of Affordable Housing Units and Transition Units on the Authority Housing Lots. The Affordable Housing Units are expected to include a range of unit types and tenures, including family housing units and senior units. The Authority shall retain the discretion to determine the type of Affordable Housing Units to be constructed so long as the Units are consistent with the Development Requirements. The Authority shall enter into a separate agreement with TIHDI for the development of the TIHDI Units on specified Authority Housing Lots.

In addition to the Affordable Housing Units, the Authority will also be responsible for causing the development of the Transition Units. The Transition Units are to provide housing for existing residents who qualify for benefits under the Transition Housing Rules and Regulations and who, when noticed that they must make a long term move, elect to rent a new unit on Treasure Island in accordance with the Transition Housing Rules and Regulations. The Transition Units will be deed restricted to require that upon vacancy of the Transitioning Household, subsequent households occupying the Transition Unit must meet Affordable income requirements and each such Transition Unit will become an Affordable Housing Unit. If a Transitioning Household does meet Affordable income requirements, then the applicable Transitions Unit will be a deed restricted Affordable Housing Unit from its inception. The Transition Housing Rules and Regulations provide certain benefit options to Transitioning Households, including moving assistance, down payment assistance, an in lieu payment and the opportunity to move to Transition Units at specified rents. The estimated costs of implementing the Transition Housing Rules and Regulations have been factored into the Developer Housing Subsidy to be paid by Developer to the Authority.

The DDA calls for the use of a variety of private and public funding sources to create the Authority Housing Units envisioned by this Housing Plan, including Developer Completion of Infrastructure and Stormwater Management Controls in accordance with this Housing Plan, the Developer Housing Subsidy, tax increment financing generated from one or more infrastructure financing districts, the jobs-housing linkage fees, low-income housing tax credit proceeds and various State and Federal sources of funding. Collectively, the Project is expected to contribute more than $460 million towards the creation of the Authority Housing Units, including the costs of needed infrastructure, site preparation and construction costs. The Project-generated funds will come from three sources:

- Net Available Increment and Developer contributions in an amount equal to the Housing Percentage, as defined in the Financing Plan, will be deposited into the Housing Fund in accordance with the Financing Plan and used by the Authority for the development of the Affordable Housing Units.

- Second, the commercial development on the Project Site is anticipated to generate Jobs-Housing Linkage fees paid by Vertical Developers in accordance with the DDA and the commercial Vertical DDAs/LDDAs. All Jobs-Housing Linkage fees payable under these DDAs from the commercial development on the Project Site will be used for the production of Authority Housing Units in accordance with this Housing Plan.

- Third, Developer shall pay a direct subsidy to the Authority to be used toward the costs of the Authority Housing Units and implementation of the Transition Housing Rules and Regulations. The Developer Housing Subsidy will equal Seventeen Thousand Five Hundred Dollars ($17,500) per Market Rate Unit. The actual amount of the Developer Housing Subsidy will be determined based on the maximum number of Market Rate Units allowed for development in each Vertical DDA (but subject to a minimum and maximum amount, as described below), and will become payable upon the transfer of each Market Rate Lot to a Vertical Developer (subject to an initial five (5) year period in which no Developer

Housing Subsidy will be payable, except as described below). The Developer Housing Subsidy will be $105 million if the maximum 6,000 Market Rate Residential Units are developed, and the minimum Developer Housing Subsidy will be $73.5 million as set forth in Section 6.1 below.

The Parties acknowledge that the Development Plan Update contemplated that the Project Site would be included within a Redevelopment Project Area and that tax increment financing under the Community Redevelopment Law would be available to the Parties to finance Project Costs, including affordable housing. As a result of potential changes to the Community Redevelopment Law, the Parties have determined to proceed with development of the Project Site using an Infrastructure Financing District model rather than a redevelopment model under the Community Redevelopment Law. Current laws on Infrastructure Financing Districts provide substantially reduced incremental tax revenue from that provided under the Community Redevelopment Law, and furthermore place different restrictions and limitations on the use of such funds. Accordingly, the Parties have reduced the percentage of Authority Housing Units to twenty five percent of the total number of Residential Units with a corresponding increase in the number of Market Rate Units (as compared to the Development Plan Update) to compensate for the reduced public financing available for the Project. If, as a result of changes to the current Infrastructure Financing District law or other public financing vehicles, the amount of public financing available for affordable housing in the Project is increased, the Parties agree to increase the percentage of Authority Housing Units as set forth in Article 9 of this Housing Plan.

The foregoing summary is provided for convenience and for informational purposes only. In case of any conflict, the provisions of the Housing Plan and the DDA shall control.

1. DEFINITIONS

Initially capitalized terms unless separately defined in this Housing Plan have the meanings and content set forth in the DDA. Terms defined in the DDA and also set forth in this Section are provided herein for convenience only.

1.1 Adequate Security shall have the meaning set forth in the DDA.

1.2 Affordable, Affordability, or Affordable Housing Cost means (a) with respect to a Rental Unit, a monthly rental charge (including the Utility Allowance applicable to the Household Size of such Rental Unit but excluding Parking Charges) that does not exceed thirty percent (30%) of the maximum Area Median Income percentage permitted for the applicable type of Residential Unit, based upon Household Size; and (b) with respect to a For-Sale Residential Unit, a purchase price based on a five percent (5%) down payment and a commercially reasonable thirty (30) year fixed mortgage with an interest rate as set forth below, points and fees and total annual payments for principal, interest, taxes and owner association dues, but excluding Parking Charges, not exceeding thirty three percent (33%) of the maximum Area Median Income percentage permitted for the applicable type of Residential Unit reduced by five percent (5%), based upon Household Size. With respect to the Inclusionary Units, Parking Charges to be paid by residents shall be in addition to the Affordable Housing Cost and shall not be included in rent or the purchase price in determining Affordable Housing Cost. With respect to Authority Housing Units, the Authority shall have the right to determine whether Parking

Charges will be included in the rent or purchase price for purposes of determining the Affordable Housing Cost in accordance with Section 7.1 of this Housing Plan and the Design for Development. The interest rate for the mortgage loan that is used to calculate the purchase price for a Sale Unit shall be the higher of (1) the ten (10) year rolling average interest rate, as calculated by the Authority based on data provided by Fannie Mae or Freddie Mac, or if such data is not provided by Fannie Mae or Freddie Mac, then based on data from an equivalent, nationally recognized mortgage financing institution approved by the Vertical Developer and the Authority, or (2) the current commercially reasonable rate available through the Authority approved lender, in either case as in effect on a date mutually agreed upon between the Authority and the Vertical Developer but before the date the Authority approves the marketing plan for the Sale Residential Unit.

1.3 Affordable Housing Loan Fund has the meaning set forth in Section 6.4 of this Housing Plan.

1.4 Affordable Housing Unit means a Residential Unit constructed by a Qualified Housing Developer (including Qualified Housing Developers selected by TIHDI) on an Authority Housing Lot that is available for lease or purchase at an Affordable Housing Cost for households with an annual income up to one hundred twenty percent (120%) of Area Median Income, but may be leased or sold to households with lower income levels as determined by the Authority. Inclusionary Units are not included in Affordable Housing Units. The Authority shall determine the affordability level and other relevant restrictions for each Authority Housing Project in conformance with the Development Requirements, shall comply with Government Code Section 53395.3(c) to the extent applicable, and, with respect to the Replacement Housing Units shall comply with Government Code Section 53395.5, provided that Transition Units shall initially meet the standards required under the Transition Housing Rules and Regulations.

1.5 Approved Sites has the meaning set forth in Section 2.5 of this Housing Plan.

1.6 Approval (Approve, Approved and any variation) is defined in the DDA.

1.7 Area Median Income means for the Inclusionary Units, unadjusted median income for the San Francisco area as published from time to time by the United States Department of Housing and Urban Development ("HUD") adjusted solely for household size. If data provided by HUD that is specific to the median income figures for San Francisco are unavailable or are not updated for a period of at least eighteen months, the Area Median Income may be calculated by the Authority using other publicly available and credible data as approved by Developer and the Authority. For the Authority Housing Units, Area Median Income shall be the higher of the above definition or the definition used by any federal, State or local funding source providing financing for the Authority Housing Units.

1.8 Authority Housing Lot shall mean the lots identified as Authority Housing Lots on the Housing Map, subject to any revisions as may be requested by Developer and approved by the Authority as part of the Major Phase and Sub-Phase Approval processes, or otherwise as set forth in the DRDAP.

1.9 Authority Housing Lot Completion Date means the date an Authority Housing Lot meets the requirements for a Developable Lot including Completion of all Infrastructure and Stormwater Management Controls except for the Transferable Infrastructure related to the Authority Housing Lot.

1.10 Authority Housing Project means a Residential Project constructed by a Qualified Housing Developer selected by the Authority or TIHDI, as applicable, containing Authority Housing Units and possibly also containing other uses permitted under the Design for Development and this Housing Plan.

1.11 Authority Housing Unit means a Residential Unit developed on an Authority Housing Lot, which shall be either an Affordable Housing Unit or a Transition Unit. Transition Units may be Affordable Housing Units at inception (for income-qualifying Transitioning Households) or, if not, shall become Affordable Housing Units upon the vacancy of the initial Transitioning Household.

1.12 Commence (Commenced, Commencement and any variation) has the meaning set forth in the DDA.

1.13 Complete (Completed, Completion and any variation) has the meaning set forth in the DDA.

1.14 Completed Authority Housing Lot means an Authority Housing Lot that meets the requirements for a Developable Lot including with all Infrastructure and Stormwater Management Controls except for the Transferrable Infrastructure Completed.

1.15 CRL Funding Amount has the meaning set forth in Section 9.1 of this Housing Plan.

1.16 Declaration of Restrictions means a document or documents recorded against an Inclusionary Unit requiring that the Unit remain Affordable in accordance with the terms of this Housing Plan. The Declaration of Restrictions for the Rental and For Sale Inclusionary Units shall be in a form Approved by the Developer and the Authority in accordance with Section 5.1(f) of this Housing Plan.

1.17 Developer Housing Subsidy means the subsidy to be paid by Developer to the Authority for the development of Authority Housing Units on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations. The Developer Housing Subsidy shall be paid over time as set forth in this Housing Plan, and shall equal the total number of Market Rate Units allowed to be constructed on each Market Rate Lot as set forth in the Vertical DDA for such Lot multiplied by Seventeen Thousand Five Hundred Dollars ($17,500), subject to the true-up provision set forth in Section 6.1(b) of this Housing Plan.

1.18 Developable Lot has the meaning set forth in the DDA.

1.19 Developer Residential Units means the Market Rate Units and the Inclusionary Units.

1.20 Development Agreement has the meaning set forth in the DDA.

1.21 Development Requirements has the meaning set forth in the DDA.

1.22 Event of Default has the meaning set forth in the DDA.

1.23 Fair Market Value Price has the meaning set forth in Section 9.3 of this Housing Plan.

1.24 Financing Plan means the Financing Plan attached to the DDA.

1.25 For-Rent or Rental Unit means a Residential Unit which is not a For Sale Unit.

1.26 For-Sale or Sale Unit means a Residential Unit which is intended at the time of completion of construction to be offered for sale, e.g., as a condominium, for individual unit ownership.

1.27 Household Size means the total number of bedrooms in a Residential Unit plus one (1).

1.28 Housing Data Table means the table attached here to as Attachment A.

1.29 Housing Fund has the meaning set forth in the Financing Plan.

1.30 Housing Map means the map attached hereto as Attachment B.

1.31 Housing Percentage has the meaning set forth in the Financing Plan.

1.32 IFD has the meaning set forth in the Financing Plan.

1.33 IFD Act has the meaning set forth in the Financing Plan.

1.34 Inclusionary Milestone has the meaning set forth in Section 5.1(c) of this Housing Plan.

1.35 Inclusionary Obligation has the meaning set forth in Section 5.1(a) of this Housing Plan.

1.36 Inclusionary Units means (i) for a Rental Unit, a unit that is available to and occupied by a household with an income not exceeding sixty percent (60%) of Area Median Income and rented at an Affordable Housing Cost for households with incomes at or below sixty percent (60%) of Area Median Income, and (ii) for a For Sale Unit, a unit that is available to and occupied by households with incomes not exceeding One Hundred Twenty Percent (120%) of Area Median Income and sold at an Affordable Housing Cost for households with incomes from Eighty Percent (80%) to One Hundred Twenty Percent (120%) of Area Median Income. The mechanism for setting the maximum Affordable Housing Cost and income level for each Inclusionary Unit is set forth in Section 5 of this Housing Plan.

1.37 Infrastructure has the meaning set forth in the DDA.

1.38 Interim Move has the meaning set forth in the Transition Housing Rules and Regulations.

1.39 Major Phase has the meaning set forth in the DDA.

1.40 Market Rate or Market Rate Unit means a Residential Unit constructed on a Market Rate Lot that has no restrictions under this Housing Plan or the DDA with respect to Affordable Housing Cost levels or income restrictions for occupants.

1.41 Market Rate Lot shall mean a lot of the approximate size and location identified as a Market Rate Lot on the Housing Map at each Major Phase Approval, subject to any revisions as may be requested by Developer and Approved by the Authority as part of the Sub-Phase Approval process or otherwise as set forth in the DRDAP.

1.42 Market Rate Project means a Residential Project constructed by a Vertical Developer, including Developer and its Affiliates, and containing Market Rate Units, Inclusionary Units (if required), and possibly also containing other uses permitted under the Design for Development.

1.43 Marketing and Operations Guidelines has the meaning set forth in Section 5.1(h) of this Housing Plan.

1.44 Maximum Public Financing Revisions has the meaning set forth in Section 9.1 of this Housing Plan.

1.45 Minimum Affordable Percentage has the meaning set forth in Section 2.1 of this Housing Plan.

1.46 MOH shall mean the City of San Francisco's Mayor's Office of Housing or any successor agency.

1.47 Net Available Increment has the meaning set forth in the Financing Plan.

1.48 Non-Inclusionary Projects means the Residential Projects of the following types, on which Developer and Vertical Developers may, but are not required to, include any Inclusionary Housing: (i) any Residential Project of 19 or fewer units; (ii) townhomes; (iii) residential towers exceeding 240 feet in height; and (iv) residential condominiums with hotel services ("Condotel"). Notwithstanding the foregoing exclusions, not less than five percent (5%) of the total Developer Residential Units constructed on Treasure Island and not less than five percent (5%) of the total Developer Residential Units constructed on Yerba Buena Island must be Inclusionary Units.

1.49 Parking Charge means the rental rate or purchase price for a Parking Space, as determined in accordance with Section 7.2.

1.50 Parking Space means a parking space constructed in the Project Site by or on behalf of Vertical Developers or Qualified Housing Developers and accessory to one or more Residential Projects.

1.51 Partial Public Financing Revisions has the meaning set forth in Section 9.3 of this Housing Plan.

1.52 Premarketing Notice List has the meaning set forth in the Transition Rules and Regulations.

1.53 Proforma has the meaning set forth in the DDA.

1.54 Project Cost has the meaning set forth in the DDA.

1.55 Project Site has the meaning set forth in the DDA.

1.56 Qualified Housing Developer means non-profit or for-profit organizations selected by the Authority (or, for Authority Housing Lots to be developed by TIHDI member organizations, by TIHDI or the applicable TIHDI member organization with Authority Approval) with the financial and staffing capacity to develop affordable housing consistent with the character and quality of the Development Requirements and the Residential Projects, and a history of successful affordable housing development, demonstrated by the completion of not less than 75 affordable housing units and 2 affordable housing projects in the previous 7 years that are comparable to the Authority Housing Project the Qualified Housing Developer is selected to develop. If the Qualified Housing Developer is a joint venture, partnership or other type of entity consisting of two or more entities, then the joint venture managing partner, managing general partner or other entity primarily responsible for the development (but not necessarily the ownership or long-term management) of the Authority Housing Lot must meet the criteria of a Qualified Housing Developer.

1.57 Replacement Housing Obligation shall mean the obligation to construct or rehabilitate dwelling units as required under Government Code Section 53395.5.

1.58 Replacement Housing Units shall mean the Affordable Housing Units on the Project Site that satisfy the Replacement Housing Obligation, and any Inclusionary Units that are affordable under the standards set forth in Government Code Section 53395.3(c) that are designated as Replacement Housing Units pursuant to Section 3.1(a)(4). .

1.59 Residential Acreage means buildable net acres including applicable setback areas as required by the Design for Development, but not including adjacent easement areas, midblock alleys, neighborhood parks, community facilities and central parking facilities serving residential and/or commercial developments.

1.60 Residential Developable Lot means the Developable Lots that are designated primarily for residential use on the Housing Map, as may be revised in a Major Phase Approval or Sub-Phase Approval or otherwise in accordance with the DRDAP. Residential Developable Lots shall only include lots that are not subject to the Tidelands Trust and shall not

include adjacent easement areas, midblock alleys, neighborhood parks, community facilities and central parking facilities serving residential and/or commercial developments.

1.61 Residential Project has the meaning set forth in the DDA.

1.62 Residential Unit means a room or suite of two or more rooms that is designed for residential occupancy for 32 consecutive days or more, including provisions for sleeping, eating and sanitation, for not more than one family, and may include senior and assisted living facilities.

1.63 Section 415 means San Francisco Planning Code section 415.

1.64 Stormwater Management Controls has the meaning set forth in the DDA.

1.65 Sub-Phase has the meaning set forth in the DDA.

1.66 Term shall have the meaning set forth in the DDA.

1.68 Thirty Percent Minimum has the meaning set forth in Section 2.1 of this Housing Plan.

1.69 TIHDI means the Treasure Island Homeless Development Initiative, Inc., a California nonprofit public benefit corporation.

1.70 TIHDI Replacement Units shall have the meaning set forth in the Amended and Restated Base Closure Homeless Assistance Agreement between the Authority and TIHDI entered into concurrently with the DDA.

1.71 TIHDI Units means the Affordable Housing Units constructed by Qualified Housing Developers selected by TIHDI subject to Authority Approval on Authority Housing Lots in accordance with this Housing Plan.

1.72 Transferable Infrastructure has the meaning set forth in the DDA.

1.73 Transferable Infrastructure Liquidation Amount has the meaning set forth in Section 2.8(d) of this Housing Plan.

1.74 Transition Housing Rules and Regulations means the rules and regulations adopted by the Authority, as amended from time to time. The currently adopted Transition Housing Rules and Regulations are attached as Attachment C.

1.75 Transition Units has the meaning set forth in the Transition Housing Rules and Regulations.

1.76 Transitioning Households shall have the meaning set forth in the Transition Housing Rules and Regulations.

1.77 Twenty-Five Percent Minimum has the meaning set forth in Section 2.1 of this Housing Plan.

1.78 Utility Allowance means a dollar amount determined in a manner acceptable to the California Tax Credit Allocation Committee, which may include a dollar amount established periodically by the San Francisco Housing Authority based on standards established by HUD for the cost of basic utilities for households, adjusted for Household Size. If such dollar amount is not available from the San Francisco Housing Authority or HUD, then Developer or Vertical Developer, as applicable, may use another publicly available and credible dollar amount that is Approved by the Authority.

1.79 Vertical Approval has the meaning set forth in the DRDAP.

1.80 Vertical DDA shall have the meaning in the DDA. Each reference to a Vertical DDA in this Housing Plan shall include Vertical LDDAs, as applicable.

1.81 Vertical Developer shall have the meaning set forth in the DDA.

1.82 Vertical Improvement is defined in the DDA.

2. HOUSING DEVELOPMENT

2.1 Development Program. Vertical Developers and Qualified Housing Developers may develop up to 8,000 Residential Units on the Project Site, including 1,684 Authority Housing Units (of which up to 435 will be TIHDI Units), 316 Inclusionary Units, and 6,000 Market Rate Units. The number of Authority Housing Units and the Inclusionary Units allowed shall be equal to twenty-five percent (25%) of the total number of Residential Units that are allowed to be developed on the Project Site (the "Twenty-Five Percent Minimum"), provided, if certain conditions are satisfied as described in Article 9 of this Housing Plan, then the Parties will increase the percentage of Authority Housing Units and Inclusionary Units that are allowed to be developed to thirty percent of the total number of Residential Units allowed on the Project Site (the "Thirty Percent Minimum"). The minimum percentage of Affordable Housing Units, as it may be increased from the Twenty-Five Percent Minimum to the Thirty Percent Minimum in accordance with Article 9, shall be referred to as the "Minimum Affordable Percentage". The Parties understand and agree that the Authority's right to construct the number of Authority Units and Vertical Developers' right to construct the n umber of Developer Residential Units specified in this Housing Plan is absolute and is based on the total number of Residential Units entitled under this Housing Plan. The Authority's right and entitlement shall not decrease if Vertical Developers ultimately build less than the full entitlement of Developer Residential Units permitted on the Project Site, and Vertical Developers' right and entitlement shall not decrease if the Authority ultimately builds less than the full entitlement of Authority Housing Units on the Project Site. Any such decrease in the actual number of Developer Residential Units or Authority Housing Units constructed may, at Project completion, cause the actual affordable housing percentage (expressed as a comparison of Affordable Units to Market Rate Units) to vary from the Minimum Affordable Percentage.

2.2 Development Process.

(1) Subject to the terms of the DDA, Developer shall develop the Project Site in a series of Major Phases and, within each Major Phase, in a series of Sub-Phases. The DDA includes a process for Developer's submittal of Major Phase Applications and Sub-Phase Applications, and for the Authority's review and grant of Major Phase Approvals and Sub-Phase Approvals, in accordance with the DRDAP. The anticipated order of development of Major Phases, and Sub-Phases in each Major Phase, including the Completion of the Authority Housing Lots, is set forth in the Phasing Plan and the Schedule of Performance, subject to revision in accordance with the procedures set forth in the DDA and the DRDAP.

(2) Developer shall preliminarily identify the number and location of anticipated Inclusionary Units for each anticipated Market Rate Project in a Major Phase Application, and may revise such number in a Sub-Phase Application, subject to the requirements of this Housing Plan. The final number of Inclusionary Units for each Market Rate Project (if any) shall be specified in the applicable Vertical DDA.

(3) Subject to the terms of the DDA: (i) upon receipt of a Sub-Phase Approval, Developer shall construct Infrastructure and Stormwater Management Controls within such Sub-Phase in accordance with the Schedule of Performance, including Infrastructure and Stormwater Management Controls to serve the Authority Housing Lots; and (ii) at the close of conveyance of Market Rate Lots to Vertical Developers (including Developer and Affiliates of Developer) for the construction of Residential Projects, Developer shall transfer such Market Rate Lots consistent with the requirements of the DDA and this Housing Plan and shall pay to the Authority the Developer Housing Subsidy as set forth in this Housing Plan.

(4) Subject to the terms of the applicable Vertical DDA, following receipt of all Vertical Approvals, the Vertical Developer may construct the applicable Market Rate Project(s), and upon such construction, the Vertical Developer must include the number of Inclusionary Units for such Market Rate Project(s) as are set forth in the Vertical DDA.

2.3 Developer's Obligations Related to Authority Housing Units. Developer's obligations related to the Authority Housing Units are: (i) Completion of the Infrastructure and Stormwater Management Controls (or, with respect to Transferable Infrastructure, payment of the Transferable Infrastructure Liquidation Amount as set forth in Section 2.8(e) of this Housing Plan) on the Authority Housing Lots in accordance with the DDA; (ii) if the Authority retains the Authority Housing Lots as anticipated, to cooperate with the Authority in effectuating any post-closing boundary adjustments in accordance with Section 10.5 of the DDA; (iii) if the Authority transfers the Authority Housing Lots to Developer pursuant to Section 2.7(b), transfer of all Authority Housing Lots to the Authority upon Completion of all Infrastructure and Stormwater Management Controls serving that Lot except for the Transferable Infrastructure in accordance with the provisions of the DDA, including this Housing Plan as set forth in Section 2.7(b) at no cost to the Authority and without consideration to either Party; (iv) payment of the Developer Housing Subsidy in compliance with Section 6.1 of this Housing Plan; (v) recordation of Vertical DDAs on the Market Rate Lots specifying the number of Inclusionary Units to be built on the Market Rate Lots consistent with the applicable Sub-Phase Approval; and (vi) if applicable, completion of the Replacement Housing Units as set forth in Section 3.1(a) of this Housing Plan. Except as set forth in Section 3.1(a) of this Housing Plan, Developer shall have

no obligation to Complete the Replacement Housing Units or the Authority Housing Projects. Developer shall have no obligation to Complete the Transition Units except as may be agreed to by Developer in accordance with Section 8.4 of this Housing Plan.

2.4 Developer Land Conveyances.

(a) Authority Housing Lots. The Completed Authority Housing Lots shall comprise Residential Acreage equal to approximately twenty-one and seven-tenths percent (21.7%) of the total Residential Acreage of the Residential Developable Lots on Treasure Island. The total expected Residential Acreage of the Residential Developable Lots and the Completed Authority Housing Lots is set forth on the Housing Map.

(b) Major Phases. The approximate location and size of the Authority Housing Lots is set forth in the Housing Map , and may be revised as part of a Major Phase Approval or Sub-Phase Approval or otherwise as set forth in the DRDAP. The Housing Map has been designed and Approved so as to maintain general proportionality in location and phasing between the development of Market Rate Units and Authority Housing Units at all times. Without limiting the foregoing, the Parties agree that in order to provide flexibility in implementation: (i) within each Major Phase, the total Residential Acreage of the Authority Housing Lots on Treasure Island shall not be less than fifteen percent (15%) of the total Residential Acreage of the Market Rate Lots and Authority Housing Lots combined in that Major Phase, (ii) at the time of the Approval of the Major Phase that includes the 3,160th Developer Residential Unit, the Cumulative Total Authority Housing Acreage on Treasure Island shall not be less than twenty percent (20%) of the total Residential Acreage of the Market Rate Lots and Authority Housing Lots combined; and (iii) upon the Completion of all Major Phases, the Cumulative Total Authority Housing Acreage on Treasure Island shall not be less than twenty-one and seven-tenths percent (21.7%) of the total Residential Acreage of the Market Rate Lots and Authority Housing Lots combined. For purposes of this Section, the Percentage of Cumulative Total Authority Housing Acreage shall be calculated as follows: (i) the total Residential Acreage of the Authority Housing Lots on Treasure Island in a Major Phase Application plus the total Residential Acreage of all Authority Housing Lots on Treasure Island in all previously Approved Major Phases, divided by (ii) the total Residential Acreage of all Market Rate Lots and Authority Housing Lots on Treasure Island in that same Major Phase Application plus the total Residential Acreage of all Market Rate Lots and Authority Housing Lots on Treasure Island in all previously Approved Major Phases.

(c) Housing Data Table. In order to track Developer's compliance with this Housing Plan, Developer shall submit a Housing Data Table as part of each Major Phase Application and Sub-Phase Application that includes Residential Projects, in the form and containing the information set forth in Attachment A, subject to changes and modifications Approved by the Authority. The Authority shall review the Housing Data Table in connection with its consideration and Approval of each Major Phase or Sub-Phase Application in accordance with the procedures set forth in the DRDAP. Each Housing Data Table shall include the applicable information set forth in Attachment A, including:

(1) The location and Residential Acreage for each Authority Housing Lot and each Market Rate Lot in that Major Phase or Sub-Phase, as applicable, and whether there are any proposed changes from the Housing Map or previous Approvals;

(2) The percentage of Residential Acreage of Authority Housing Lot(s) to the Residential Acreage of Authority Housing Lot(s) and Market Rate Lot(s) in that Major Phase or Sub-Phase, as applicable, and the Cumulative Total Authority Housing Acreage to date;

(3) The cumulative number of Developer Residential Units (including the number of Inclusionary Units) permitted for development, or if construction is complete, actually developed, on Market Rate Lots previously conveyed to Vertical Developers, and the number of Developer Residential Units (including the number of Inclusionary Units) allocated for development in that Major Phase or Sub-Phase, as applicable; and

(4) the anticipated location of each anticipated Residential Project within the Major Phase or Sub-Phase, as applicable, and the anticipated Authority Housing Lot Completion Date, and for each such Market Rate Project, the anticipated acreage, height and density and the number of residential units, including the proposed number of Inclusionary Units.

(d) Upon conveyance of property within a Sub-Phase to the Developer in accordance with the DDA, the Authority shall retain the Authority Housing Lots, unless the Parties mutually agree to the transfer of the Authority Housing Lots to the Developer. In connection with development of each Sub-Phase, if the Authority Housing Lots are transferred to Developer, Developer shall convey to the Authority Developer's interest in the Authority Housing Lots without cost to the Authority upon Completion of all Infrastructure and Stormwater Management Controls except for the Transferable Infrastructure for such Authority Housing Lots in accordance with the procedures set forth below in the DDA and Section 2.7(b) of this Housing Plan. If the Authority Housing Lots are retained by the Authority, Developer shall Complete the Infrastructure and Stormwater Management Controls on the Authority Housing Lots in accordance with the procedures set forth below in Section 2.8 of this Housing Plan.

2.5 Selection of Approved Sites.

(a) Developer has selected and the Authority has Approved generally designated sites for the development of the Authority Housing Units as shown on the Housing Map (individually, an "Approved Site" and collectively, the "Approved Sites"), including additional sites if the Maximum Public Financing Revisions or the Partial Public Financing Revisions are made as set forth in Article 9 below.

(b) In each Major Phase Application and Sub-Phase Application, Developer will confirm the location and size of the Approved Sites, or propose any changes to the Approved Sites with an explanation for the proposed change. Any proposed change will be shown on a revised Housing Map in the form of Attachment B. The final Approved Sites shall be as set forth in each Sub-Phase Approval, and shall be the Authority Housing Lots in that Sub-

Phase. Notwithstanding a Sub-Phase Approval, Developer may subsequently seek a substitution or alteration as set forth in Section 2.6 of this Housing Plan.

(c) Within sixty (60) days following the Authority Housing Lot Completion Date, Developer shall (if applicable) convey to the Authority Developer's interest in the applicable Authority Housing Lot.

2.6 Site Alteration Process. Developer may request to substitute an alternate Authority Housing Lot for any of the Approved Sites or to make material changes to the size or boundaries of an Approved Site, with a brief explanation as to why Developer is requesting the substitution or change. Any substitution or material change shall be subject to the Authority's review and Approval, in its reasonable discretion if the request is made before or as part of a Sub-Phase Application, and in its sole discretion if the request is made at any time after receipt of a Sub-Phase Approval. In determining whether to approve a substitution or material change before or as part of a Sub-Phase Application, the Authority will consider, at a minimum, the following:

(1) Size. The alternative parcel should be approximately the same size as the parcel it is intended to replace (or, if it is different, then Developer shall show what other adjustment(s) are proposed to Approved Sites on the Housing Map to meet the required Percentage of Cumulative Total Authority Housing Acreage as required pursuant to Section 2.4(b)).

(2) Dimensions. Parcel dimensions shall be generally typical in shape as compared to Market Rate Lots, reflective of the block configuration.

(3) Frontages. Each parcel shall have a minimum of one (1) frontage that provides immediate vehicular access in a manner consistent with the Design for Development and immediate pedestrian access to a public walkway or right of way.

(4) Fiscal Impact. The alternative parcel or material change should not have a negative impact on the reasonably anticipated or proposed financing for the development of Affordable Housing Units on the site when compared to the original parcel.

(5) Dispersal of Affordable Units, Timing and Location. The alternative parcel, when compared to the site it is intended to replace, maintains the overall balance of providing Authority Housing Lots with access to transit, proximity to parks and other public amenities and that are dispersed throughout the Project Site, integrates the Affordable Housing Units and the Market Rate Units, and generally maintains the timing and proportionality of Market Rate Lots and Authority Housing Lots relative to the Phasing Plan and the Schedule of Performance.

(6) Site Conditions. The proposed substitution or change should not result in a parcel that is more difficult or expensive to develop (i.e., sites that include the need for extensive retaining walls, subsurface improvements, ongoing monitoring responsibilities, or that cannot accommodate the contemplated parking or common areas).

(7) TIHDI Approval. If the proposed substitution or change is to an Authority Housing Lot that the Authority has designated for development by TIHDI or a TIHDI member organization, then the Authority will consult with TIHDI and the TIHDI member organization and take into account any reasonable objections raised by TIHDI or the TIHDI member organization.

(8) Other Matters. The Authority may consider such additional or unique matters as may arise during the course of the development of the Project.

2.7 Transfer of Authority Housing Lots.

(a) Retention of Authority Housing Lots. The Parties anticipate that the Authority will retain the Authority Housing Lots in each Sub-Phase (although the Authority may transfer the Authority Housing Lots to Developer at Sub-Phase Approval upon mutual agreement of the parties, as set forth in the DDA). If boundary corrections to the Authority Housing Lots and the Market Rate Lots are required upon Completion of the Infrastructure and Stormwater Management Controls in a Sub-Phase or in connection with the conveyance of a Residential Developable Lot, the Parties agree to cooperate in effecting such boundary adjustments in accordance with the DDA.

(b) Transfer of Authority Housing Lots. In the event that the Authority transfers the Authority Housing Lots to Developer at the time of the Sub-Phase conveyance, Developer shall convey back to the Authority and the Authority shall accept Developer's interest in the Authority Housing Lots in accordance with Section 3.7 of the DDA. Any conveyance of the Authority Housing Lots from Developer to the Authority shall be at no cost to the Authority and without consideration to either Party. The Authority shall accept conveyance of the Authority Housing Lots no later than sixty (60) days following the Authority Housing Lot Completion Date.

2.8 Completion of Authority Housing Lots.

(a) Subject to the terms of the DDA, Developer shall Complete the Infrastructure and Stormwater Management Controls for the Authority Housing Lots as set forth in the Schedule of Performance and the applicable Sub-Phase Approval and Developer shall either Complete the Transferable Infrastructure or pay the Transferable Infrastructure Liquidation Amount as set forth in subsection (d) or (e) below. Each Completed Authority Housing Lot shall meet the standards for it to be a Developable Lot as set forth in the DDA. The Parties understand and agree that the Infrastructure and Stormwater Management Controls (excluding the Transferable Infrastructure) on the Authority Housing Lots and the Market Rate Lots within a Sub-Phase shall be Completed at or around the same time, subject to variations as set forth in the applicable Sub-Phase Approval and the Phasing Plan.

(b) Developer and the Authority agree to work together and keep the other informed as to the expected dates for the Completion of Infrastructure and Stormwater Management Controls within a Sub-Phase, the Authority Housing Lot Completion Date, the status of any pending tax credit applications, the closing date for the transfer of Market Rate Lots to Vertical Developers, the expected date for the Commencement of Market Rate Projects and

Authority Housing Projects, and the expected payment date for the Developer Housing Subsidy. Without limiting the foregoing, Developer shall use good faith efforts to notify the Authority approximately six (6) months before the anticipated date of the Authority Housing Lot Completion Date.

(c) Not less than ninety (90) days before the Authority Housing Lot Completion Date, Developer shall give the Authority notice of the availability of the Authority Housing Lot and include with such notice a parcel map showing the Authority Housing Lot.

(d) The Parties intend that Transferable Infrastructure related to an Authority Housing Lot will be completed by Developer in coordination with the development of the Authority Housing Project on the Authority Housing Lot. Developer's obligation to Complete the Transferable Infrastructure will be secured by Adequate Security as set forth in the DDA, and the Authority shall provide Developer with all access needed to Complete the Transferable Infrastructure on the Authority Housing Lots. Developer shall coordinate the construction of the Transferable Infrastructure with the construction of the Authority Housing Project to ensure that (i) the Transferable Infrastructure (other than utility laterals serving the applicable Authority Housing Lot) is Completed at or before Completion of the Authority Housing Project, (ii) the utility laterals serving the applicable Authority Housing Lot are Completed in coordination with the construction of the Authority Housing Project, and (iii) Developer's work does not interfere with or obstruct the Qualified Housing Developer's work during such construction to the maximum extent reasonably feasible and that the Qualified Housing Developer's work similarly does not interfere with Developer's work. Notwithstanding the foregoing, if Developer or Vertical Developer have Commenced the Transferable Infrastructure on all of the Lots adjacent to an Authority Housing Lot, then Developer shall have the right to Commence and Complete the Transferable Infrastructure related to that Authority Housing Lot (other than the utility laterals for that particular Authority Housing Lot) even though development of the applicable Authority Housing Project may not yet have Commenced. Developer may exercise such right by providing to the Authority not less than ninety (90) days notice of its intent to Commence the Transferable Infrastructure, and such right shall accrue unless (i) the Authority objects within thirty (30) days following the Authority's receipt of Developer's notice, and (ii) the Parties agree, within ninety (90) days following the Authority's objection, to a payment amount equal to Developer's anticipated cost of Completing some or all of the Transferable Infrastructure on the remaining Authority Housing Lots (the "Transferable Infrastructure Liquidation Amount"). The Parties shall meet and confer in good faith during the 90-day period (or such longer period as may be agreed to by the Parties) to reach agreement on the Transferable Infrastructure Liquidation Amount. Developer shall provide its estimate of such costs, together with reasonable backup documentation, based upon the Transferable Infrastructure Completed by Developer to date in that Sub-Phase. If the Parties are able to reach agreement on the Transferable Infrastructure Liquidation Amount, then Developer shall promptly pay this sum to the Authority and thereafter (i) Developer shall be released from the obligation to Complete that portion of the Transferable Infrastructure for which Developer has paid the Transferable Infrastructure Liquidation Amount, and (ii) the Authority shall release any associated Adequate Security in accordance with the DDA. Upon receipt, the Authority shall contribute the Transferable Infrastructure Liquidation Amount to the applicable Authority Housing Projects for Completion of the Transferable Infrastructure and for no other purpose. If the Parties are not able to reach agreement on the Transferable Infrastructure Liquidation

Amount within the time frame set forth above, then Developer shall have the right to Complete the Transferable Infrastructure related to the Authority Housing Lots notwithstanding the Authority's failure to Commence the applicable Authority Housing Projects. The Parties agree that Completion of the utility laterals on the Authority Housing Lots prior to commencement of construction of the Authority Housing Project on a particular Authority Housing Lot may result in the lateral being moved or replaced. Notwithstanding anything to the contrary above, to avoid unnecessary costs and duplication of work if Developer elects to Complete the Transferable Infrastructure on an Authority Housing Lot before Completion of the Authority Housing Project on that Authority Housing Lot, Developer shall complete all of the Transferable Infrastructure except for the utility laterals and Developer shall pay to the Authority a Transferable Infrastructure Liquidation Amount payment equal to the cost of Completing the utility lateral, as determined by Developer and Approved by the Authority. Developer shall pay this amount upon Completion of the remaining Transferable Infrastructure and upon such payment (i) Developer shall be released from any obligation to Complete the applicable utility lateral and (ii) the Authority shall release any associated Adequate Security in accordance with the DDA.

(e) Developer shall also have the right to request at any time following the Authority Housing Lot Completion Date to pay the Transferable Infrastructure Liquidation Amount in lieu of the obligation to Complete the Transferable Infrastructure for such Authority Housing Lot. If the Parties are able to agree upon the Transferable Infrastructure Liquidation Amount as set forth in subsection (d) above, then Developer shall pay this amount to the Authority at such time and thereafter (i) Developer shall be released from the obligation to Complete the Transferable Infrastructure for which the Transferable Infrastructure Liquidation Amount has been paid and (ii) the Authority shall release any associated Adequate Security as set forth in the DDA. The Authority shall use such funds for the Transferable Infrastructure, and for no other purpose, as set forth in subsection (d) above. If the Parties are not able to agree upon the Transferable Infrastructure Liquidation Amount, then there will be no action or payment on the Transferable Infrastructure unless and until Developer provides notice to the Authority pursuant to subsection (d) above of its intent to Commence the Transferable Infrastructure on a particular Authority Housing Lot or Developer is otherwise required to Commence and Complete the Transferable Infrastructure in accordance with this Section 2.8.

(f) If Developer has Completed all of the Infrastructure and Stormwater Management Controls except for the Transferable Infrastructure in a Sub-Phase and Developer or a Vertical Developer have Commenced the Transferable Infrastructure on all of the Market Rate Lots in the Sub-Phase, and Developer has not yet begun the Transferable Infrastructure or paid the Transferable Infrastructure Liquidation Amount for one or more of the Authority Housing Lots in that Sub-Phase, then the Authority shall have the right, by giving Developer written notice, to require Developer to Complete the Transferable Infrastructure related to the Authority Housing Lots in that Sub-Phase in accordance with the DDA and the Development Requirements. Developer shall Commence the Transferable Infrastructure within one hundred twenty (120) days following the Authority's notice and diligently prosecute the same to Completion, in accordance with the DDA and the Development Requirements (and in a time frame generally consistent with the Completion of the Transferable Infrastructure on the Market Rate Lots but in no event later than 12 months following the date of Commencement of the Transferable Infrastructure). Transferable Infrastructure shall be accepted in accordance with

the process and procedures set forth in the DDA and the Treasure Island Subdivision Code for the acceptance of public infrastructure.

(g) If the Authority transfers the Authority Housing Lots to Developer as part of a Sub-Phase conveyance, Developer shall take such actions as may be reasonably requested by the Authority (including the early transfer of the applicable real property or entering into binding agreements for the transfer of the real property) to provide evidence of site control for the Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI) or as otherwise may be needed in connection with any financing application for an Authority Housing Lot, provided that Developer shall assume no liability relating to any such application or the failure to obtain financing.

2.9 Maintenance of Authority Housing Lots.

Following Completion and conveyance to the Authority, the Authority shall maintain or cause to be maintained the Authority Housing Lots in a safe and orderly condition free from debris and unsightly vegetation.

3. AFFORDABLE HOUSING DEVELOPMENT

3.1 Authority Development of Authority Housing Units.

(a) The Authority may cause to be constructed by Qualified Housing Developers, (including Qualified Housing Developers selected by TIHDI with Authority Approval) up to One Thousand Six Hundred Eighty Four (1,684) Authority Housing Units on the Authority Housing Lots (or 21.1% of the maximum build-out of the Project Site with Eight Thousand (8,000) Residential Units). The mix of For-Sale and For-Rent Residential Units, the size of the Authority Housing Units, whether the Authority Housing Units are senior or family units and the allocations of Authority Housing Units among affordability levels shall be determined by the Authority in the exercise of its sole and absolute discretion in accordance with applicable law, including the Replacement Housing Obligation, provided that the Authority shall ensure that the Transition Housing Rules and Regulations are properly and timely implemented. Notwithstanding anything to the contrary set forth above, the Parties have agreed to the following to ensure that the Replacement Housing Obligation are satisfied:

(1) Developer shall not demolish any housing units on YBI until Developer has (i) obtained a Sub-Phase Approval for the first Sub-Phase that includes an Authority Housing Lot large enough to build not fewer than 55 Affordable Housing Units, the Market Rate Lots in that Sub-Phase are conveyed to Developer, Developer has Commenced the construction of Infrastructure and Stormwater Management Controls in that Sub-Phase and provides evidence reasonably satisfactory to the Authority that the Authority Housing Lot Completion Date for the applicable Authority Housing Lot is scheduled to occur within twenty-four (24) months, or (ii) the Authority has approved an alternative means of meeting the Replacement Housing Obligation;

(2) Developer shall not have the right to rely on a Developer Extension or Economic Delay (as those terms are defined in the DDA) to extend the Authority

Housing Lot Completion Date for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to the demolition of the YBI units;

(3) Notwithstanding the five (5) year deferral on the payment of the Developer Housing Subsidy as set forth in Section 6.1 of this Housing Plan, the Authority shall have the right to all of the accrued Developer Housing Subsidy during such five (5) year period as and when needed to Complete the first Authority Housing Project satisfying the Replacement Housing Obligation (including, at the Authority's sole discretion, a smaller number of Authority Housing Units than contemplated on the Housing Data Table if the Authority elects to develop a smaller project);

(4) Inclusionary Units that meet the Affordability requirements of the Replacement Housing Obligation may be counted for purposes of satisfying the Replacement Housing Obligation. Furthermore, if the Authority reasonably believes that the first Authority Housing Project will not be completed in time to satisfy the Replacement Housing Obligation for the demolished YBI housing units, the Parties shall designate additional Inclusionary Units as may be required to satisfy the Replacement Housing Obligation, and the cost to Developer of any required decrease in the Affordable Housing Cost for any Inclusionary Unit will be credited against the next Developer Housing Subsidy payable by Developer. Developer shall include in the Vertical DDAs entered into before satisfaction of the Replacement Housing Obligation related to the demolition of the YBI units the ability for Developer to adjust the Affordable Housing Cost level for Inclusionary Units required in such Vertical DDA (and not yet Completed or sold to occupying households) in order to meet this requirement. Upon any such adjustment in the Affordable Housing Cost level for an Inclusionary Unit, Developer (or Vertical Developer, if applicable) shall provide evidence of the increased cost to Developer (or Vertical Developer) and the parties shall meet and confer in good faith to reach agreement on the amount of such cost. If the Parties are not able to agree on the cost within sixty (60) days, then either Party shall have the right to initiate arbitration to determine the cost in accordance with section 15.3.2 of the DDA;

(5) If the Replacement Housing Obligation is not satisfied for the demolished YBI housing units notwithstanding the agreement in clauses (1) through (4) above, then Developer shall be required, upon the Authority's request, to Complete the first Authority Housing Project on the Authority Housing Lot as needed to satisfy the Replacement Housing Obligation, provided (i) Developer shall be permitted to develop the Authority Housing Project with only as many Affordable Housing Units as may be required to satisfy the Replacement Housing Obligation but Developer may increase the number of Affordable Housing Units to the extent there is available Developer Housing Subsidy to Complete such larger project, and (ii) the Authority and Developer shall meet and confer in good faith to reach agreement on the number of additional Affordable Housing Units to be built, the cost of building such Affordable Housing Units, and the building footprint of the Affordable Housing Project to be built recognizing the Authority's goal of maximizing land available for future development of Affordable Housing Projects. If the parties are not able to reach agreement on the number, cost or building footprint of additional Affordable Housing Units to be built within sixty (60) days, and the Authority still wants Developer to Complete the Affordable Housing Units to satisfy the Replacement Housing Obligation, then Developer shall only be obligated to build the number of Affordable Housing Units needed to satisfy the Replacement Housing Obligation for the

demolished YBI housing units and Developer shall retain and use existing or future Developer Housing Subsidy as needed to Complete the Authority Housing Project, and such Developer Housing Subsidy used by Developer shall no longer be due or payable to the Authority.

(b) The Authority shall have the sole discretion to determine the number of Authority Housing Units to be constructed on an Authority Housing Lot, provided that such construction is permitted by the Development Requirements and is supportable by the Infrastructure and Stormwater Management Controls applicable to such Authority Housing Lot.

(c) The Parties currently contemplate that the Authority will construct up to 1,684 Authority Housing Units on the Authority Housing Lots in order to meet the Twenty-Five Percent Minimum when combined with the Inclusionary Units. Notwithstanding the foregoing, the Authority shall have the right to construct or cause the construction of Affordable Housing Units in excess of the Twenty-Five Percent Minimum if construction will not (i) materially adversely affect Developer's development in the remaining portions of the Project Site, (ii) require any material changes in the Infrastructure and Stormwater Management Controls or the costs thereof, (iii) create any material adverse changes in traffic or other environmental considerations, including delays to Developer or Vertical Developer because of environmental review or compliance, (iv) decrease the number of Market Rate Units that can be developed by Developer and Vertical Developers below 6,000 Market Rate Units, or (v) otherwise materially increase the cost to Developer or any Vertical Developer of performing its obligations under the DDA; provided, however, in no event will the Authority have the right to construct or cause to be constructed more than the 2,105 Authority Housing Units allowed under the Thirty Percent Minimum, except as may occur pursuant to subsection (d) below.

(d) Upon the last Sub-Phase Approval in the last Major Phase, any difference between the cumulative total of Market Rate Units to be built by Vertical Developers at the Project Site (as set forth in all of the Sub-Phase Approvals) and the cumulative total number of Market Rate Units that were entitled under the Project Approvals shall be available for Affordable Housing on the Authority Lots. Any increase in the number of Authority Units under this Section 3.1(d) shall be made without cost to Developer and without any change to the Infrastructure and Stormwater Management Controls to be Completed by Developer.

3.2 Authority Housing Project Design. On or before submission to the Authority Board, the Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI with Authority Approval), as applicable, shall submit proposed Schematic Design Drawings for each proposed Authority Housing Project to Developer for review and comment. Developer's review shall be reasonable and shall be limited to conformity with the Development Requirements. If Developer believes that any Design Drawings are not consistent with the Development Requirements, Developer shall provide a written statement of the inconsistencies and a statement of the changes needed in order to cause the Authority Housing Project to be consistent with the Development Requirements. Developer shall review and provide any comments within thirty (30) days of submission to Developer. Notwithstanding anything to the contrary above, the Authority shall have the right to approve or reject the Schematic Design Drawings notwithstanding any Developer objection, provided that the Schematic Design Drawings are consistent with the Development Requirements.

3.3 Uses of Authority Housing Lots. The Authority Housing Lots shall only be used for development of Authority Housing Units, provided that the Authority Housing Projects may contain Parking Spaces and ancillary uses such as child care, social services or related tenant-serving uses consistent with the Development Requirements. Ancillary neighborhood retail uses may only be developed on the Authority Housing Lots with the prior Approval of Developer. The Authority shall record restrictions on the Authority Housing Lots to ensure that the Affordable Housing Units remain affordable in accordance with the requirements of this Agreement. The Authority shall record covenants on Transition Units that do not initially qualify as Affordable Housing Units (based on the income level of the applicable Transitioning Household) to make them Affordable Housing Units immediately upon the vacancy or departure of the initial Transitioning Household. The Authority will not subordinate its fee interest in the Authority Housing Lots to any financing lien; provided, however, the affordability restrictions may in the Authority's sole discretion, be subordinated to construction and permanent financing related to the development of an Authority Housing Project.

3.4 Requirements for Authority Housing Projects. The Authority shall require all Qualified Housing Developers to comply with the applicable requirements of the DDA and this Housing Plan, including but not limited to the Development Requirements. Each Authority Housing Project will be developed under a lease disposition and development agreement Approved by the Authority and substantially similar in form to the Vertical DDA attached to the DDA.

4. VERTICAL HOUSING PROGRAM

4.1 Unit Count and Mix. Vertical Developers may develop up to Six Thousand (6,000) Market Rate Units on the Project Site. The Vertical DDAs for the Market Rate Projects will require a mix of For Sale and Rental Residential Units, provided that, at the time of Approval of each Major Phase, not less than ten percent (10%) of the Developer Residential Units designated to date shall be For Rent, subject to any deviations as may be agreed to by the Authority Director in his or her discretion. Units shall be considered designated For Rent (i) if located on a Lot that has not been transferred to a Vertical Developer, they are identified in the then current Approved Housing Data Table as For Rent (and, as a condition subsequent, such Units will be designated as For Rent in the applicable Vertical DDA), and (ii) if located on a Lot that has been transferred to a Vertical Developer, the Vertical DDA for that Lot requires the Units be For Rent. The Developer Residential Units required under this Section 4.1 to be Rental Residential Units shall remain For Rent for the useful life of the applicable building and such units will not be mapped for individual unit ownership, provided, however, this prohibition on condominium conversion shall only apply to the ten percent of the Rental Residential Units required pursuant to this Section 4.1 and shall not apply to any Developer Residential Units Developer elects to designate as Rental Residential Units that exceed the required ten percent (10%). The prohibition on condominium conversion on the required Rental Residential Units shall be included in the applicable Vertical DDAs.

The Housing Data Table submitted with each Major Phase and Sub-Phase Application will provide the maximum number of Developer Residential Units, including the number of Inclusionary Units, per Market Rate Lot. The Housing Data Table shall also provide the breakout between the number of For-Rent and For-Sale Units. Developer may revise these

numbers at any time before execution of a Vertical DDA and the corresponding transfer of a Market Rate Lot to a Vertical Developer, subject to the prior written Approval of the Authority in accordance with this Housing Plan and the DRDAP.

4.2 Vertical DDA. Each Vertical Developer of a Market Rate Lot shall enter into a Vertical DDA before or in connection with the conveyance of the applicable real property to a Vertical Developer and before the start of development of that Residential Developable Lot. The Vertical DDA will be substantially in the form required under section 4.1 of the DDA and shall specify, among other things (i) the maximum number of Market Rate Units allowed to be developed on the Residential Developable Lot, (ii) if applicable, the minimum number of Inclusionary Units to be constructed in connection with the development of the Residential Developable Lot (consistent with Section 5.1(a) of this Housing Plan), (iii) if applicable, the Affordability level of each Inclusionary Unit (consistent with Section 5.1(a) of this Housing Plan), (iv) the maximum number of Parking Spaces that can be developed on the Residential Developable Lot, and (v) the Authority's right to approve the location of the Inclusionary Units before recordation of the Declaration of Restrictions as set forth in Section 5.1(f) of this Housing Plan.

4.3 Vertical Developer Discretion. Vertical Developers will have the flexibility to select the size and type of Residential Units, subject to the Development Requirements and the approved Vertical DDA. Vertical Developers may also adjust the number of Market Rate Units so long as they do not exceed the maximum number of Market Rate Units permitted in the Vertical DDA, provided, any such adjustment shall not change the Developer Housing Subsidy payment obligations of Developer as set forth in this Housing Plan.

5. INCLUSIONARY HOUSING REQUIREMENTS

5.1 Inclusionary Housing Requirements.

(a) Development of Inclusionary Units. Five percent (5%) of all Developer Residential Units shall be Inclusionary Units, with an average Affordable Housing Cost for the For-Sale Inclusionary Units Affordable to households with incomes not exceeding one hundred percent (100%) of Area Median Income and an Affordable Housing Cost for the For-Rent Inclusionary Units Affordable to households with incomes not exceeding sixty percent (60%) of Area Median Income (the "Inclusionary Obligation").

(b) Developer Flexibility. Developers shall not be required to include any Inclusionary Units within the Non-Inclusionary Projects. Developer shall have discretion to determine the exact number of Inclusionary Units to be developed on each Market Rate Lot and the Affordability level of each Inclusionary Unit, provided that (i) the Housing Data Table to be provided with each Major Phase and Sub-Phase Application shall identify the location of the Market Rate Lots containing Inclusionary Units, the number of Inclusionary Units, and for Sub-Phase Applications only, the Affordability level and tenure (i.e., ownership or rental) for the Inclusionary Units, and the Inclusionary Unit allocation shall be in accordance with the Approved Housing Data Table subject to any subsequent revisions approved by the Authority in accordance with the DRDAP, (ii) the number of Inclusionary Units in each Market Rate Project, excluding the Non-Inclusionary Projects, shall range from five percent (5%) to no more than ten

percent (10%) of the total For-Sale Units and to no more than twenty percent (20%) of the total For-Rent Units within that Market Rate Project (subject to the Authority's right to require a higher number of Inclusionary Units in a Market Rate Project if required following Developer's failure to meet an Inclusionary Milestone as set forth in subsection (c) below); and (iii) Developer can demonstrate that the Inclusionary Obligation has been or will be satisfied at each Inclusionary Milestone as set forth in Section 5.1(c) of this Housing Plan.

(c) Inclusionary Milestones. Developer shall demonstrate compliance with the Inclusionary Obligation at each Inclusionary Milestone, which are the dates of the conveyance to Vertical Developers of Market Rate Lots allowing for the development of (i) two thousand two hundred ten (2,210) Developer Residential Units, (ii) three thousand one hundred sixty (3,160) Developer Residential Units, (iii) four thousand seven hundred forty (4,740) Developer Residential Units, and (iv) the last Residential Developable Lot (each, an "Inclusionary Milestone"). Developer shall demonstrate compliance with the Inclusionary Obligation at each Inclusionary Milestone by providing the Authority with executed Vertical DDAs stating the required number of Inclusionary Units and the required Affordability level for those units, as well as the maximum number of Developer Residential Units allowed in the Vertical DDAs. If for any reason, the number of Inclusionary Units is less than five percent (5%) or the average Affordable Housing Cost level is higher than one hundred percent (100%) of Area Median Income for the For Sale Units at any one of the Inclusionary Milestones, then the Authority may, in its discretion, delay Approval of the next Major Phase or Sub-Phase Application, as the case may be, until the Authority has Approved a plan prepared by Developer to achieve the required number of Inclusionary Units as soon as possible. As part of the Approved plan, the Authority may allow exceptions to the requirements or limitations in this Housing Plan, including, but not limited to an increase in the percentage of Inclusionary Units exceeding the maximum percentages set forth in Section 5.1(b) above, the inclusion of Inclusionary Units in Non-Inclusionary Projects and/or Affordable Housing Costs lower than the ranges set forth in Section 5.1(f). As part of an Approved plan, the Authority may also require Developer to record Notices of Special Restrictions on Lots that are Completed but not yet sold to a Vertical Developer setting forth the required number of Inclusionary Units for such Lots, but this shall not, by itself, count toward compliance with the Inclusionary Obligation unless the Approved plan expressly provides that it will count toward compliance. Developer's proposed plan for achieving the Inclusionary Housing obligation shall be presented to the Authority no later than thirty (30) days after the Inclusionary Milestone in which the Inclusionary Obligation was not met. Notwithstanding anything to the contrary above, if Developer has not satisfied the Inclusionary Obligation at an Inclusionary Milestone, and such failure is not remedied in accordance with the requirements and timing set forth in the Approved plan, then the failure to meet the requirements of the Approved plan shall be an Event of Default.

(d) Recordation of Inclusionary Restrictions. Developer shall impose the Inclusionary Obligation on each Vertical Developer of a Market Rate Lot excluding the Non-Inclusionary Projects. The obligation will be imposed in the Vertical DDA for the Market Rate Lot and shall include the following (i) the designated number and Affordable Housing Cost level of Inclusionary Units to be developed on that Market Rate Lot, (ii) whether the Market Rate Units (and thereby the Inclusionary Units) will be For Rent or For Sale and the minimum term of the Inclusionary Obligation, and (iii) specifying the Authority's right to Approve the location of each Inclusionary Unit.

(e) Financing Inclusionary Units. Vertical Developers are responsible for financing the development of the Inclusionary Units included within their Market Rate Residential Projects and may access financing sources such as Four Percent (4%) Low Income Housing Tax Credits, Tax Exempt Bond proceeds and other sources of below market rate housing financing, to the extent the Market Rate Residential Project qualifies for such financing and such financing is available. The Authority has no obligation to provide any funding to Vertical Developers for the construction of Inclusionary Units or otherwise. Units that are financed with Four Percent Low Income Housing Tax Credits shall count as Inclusionary Units but such Inclusionary Units shall not be subject to any restrictions or monitoring by MOH or the Authority except as set forth in Section 415.3(c)(4)(C) and (D). Upon recordation of the deed restriction required by the Four Percent Low Income Housing Tax Credits, any Notice of Special Restriction or other Declaration of Restriction recorded against the Inclusionary Units or the property for the benefit of the City or the Authority shall be removed.

(f) Continued Affordability of Inclusionary Units. No later than the first rental or sale of an Inclusionary Unit (except for those Inclusionary Units financed with Four Percent (4%) Low Income Housing Tax Credits), Vertical Developers will record against the Inclusionary Unit a Declaration of Restrictions appropriate for the Inclusionary Unit as required by MOH. The form of such restrictions or notices shall be consistent with the forms used by MOH under Section 415 as of the effective date of the DDA, with such modifications to conform to this Housing Plan and shall be Approved by the Developer and the Authority. Vertical Developers will, upon recordation, provide to the Authority a copy of the applicable Declaration of Restriction. Upon the sale of each For-Sale Inclusionary Unit, the Vertical Developer shall promptly provide to the Authority a copy of the recorded grant deed as well as the above recorded documents showing the date of recording and the document numbers. Sale Inclusionary Units shall be Affordable to households with incomes permitted by the specified Affordable Housing Cost for that Inclusionary Unit in accordance with this Housing Plan.

(g) Comparability. The Inclusionary Units shall be intermixed and dispersed throughout the Project Site in locations approved by the Authority, and will be indistinguishable in exterior appearance from the Market Rate Units in the same Residential Project. The Inclusionary Units and the Market Rate Units in the same Residential Project with the same Household Size shall be substantially similar in size, type, amenities and overall quality of construction, but interior features need not be the same as those of the Market Rate Units as long as such features are of good quality and are consistent with the Development Requirements.

(h) Marketing and Operations Guidelines for Inclusionary Units. A Vertical Developer may not market, rent or sell Inclusionary Units until MOH has Approved the following for such Inclusionary Units: (i) the marketing plan (that includes any preferences required by MOH pursuant to the MOH Manual following the pre-marketing set forth in Section 8.5 of this Housing Plan); (ii) conformity of the rental charges and purchase prices for such Inclusionary Units with this Housing Plan; (iii) conformity of purchase prices or rental charges for Parking Spaces with this Housing Plan; (iv) eligibility and income-qualifications of renters and purchasers (collectively "Marketing and Operations Guidelines"). The Marketing and Operating Guidelines shall conform to the City and County of San Francisco Residential Inclusionary Affordable Housing Program Monitoring and Procedures Manual, attached to this Housing Plan as Attachment D (the "MOH Manual") with such updates or changes as are

permitted under the Development Agreement. To the extent that the terms of the MOH Manual, either in its current form or as amended from time to time, are inconsistent with or conflict with this Housing Plan as amended from time to time, the terms of this Housing Plan shall prevail. Accordingly, the Parties agree to the following changes to the MOH Manual: (a) all Inclusionary Units shall be on the Project Site, and there will be no in-lieu payment, off-site, or land dedication option; (b) the income requirements for ownership units shall be 100% of Area Median Income on average and 60% of Area Median Income for rental units; (c) the pricing methodology for the Sale Inclusionary Units shall be calculated as provided in Section 1.2 of this Housing Plan; (d) there shall be no bundling of parking with an Inclusionary Unit as set forth in Section 7.1 of the Housing Plan; and (e) pre-marketing requirements as set forth in Section 8.5 of this Housing Plan shall prevail. Vertical Developers shall submit the Marketing and Operations Guidelines to the Authority not later than ninety (90) days before the date Vertical Developer expects to begin marketing the Market Rate Units. The Authority shall review and consider Approval of the Marketing and Operations Guidelines in accordance with the Vertical DDA and this Housing Plan.

(i) Homeowners' Association Assessments. The initial amount of contributions to a homeowners association required to be made by a purchaser of an Inclusionary Unit shall not be increased for a period of one year following the date that the first Inclusionary Unit in the Residential Project has been sold to an owner/occupant, provided, any such provisions are approved by the California Department of Real Estate. Neither Developer nor any Vertical Developer shall be required to make any contribution to any homeowners' association to cover any shortfall in the association budgets as a result of the above requirement.

(j) Planning Code Section 415. Due to the detail set forth in this Housing Plan, and the differences between the City's inclusionary program under San Francisco Planning Code section 415 and 415.1 through 415.11 (collectively "Section 415") and the Inclusionary Obligation as defined in this Housing Plan, the Parties have not imposed or incorporated the requirements of Section 415 into this Agreement. However, the Parties acknowledge and agree that (i) the location of the Inclusionary Units within a Market Rate Project shall be approved by the City's Planning Department in accordance with the standards and practices established by the Planning Department to comply with Section 415, (ii) the monitoring and enforcement of the Inclusionary Obligation shall be performed by MOH in accordance with Sections 415.9(b) and (c), except that all references therein to Section 415.1 *et seq.* shall instead refer to the requirements under this Housing Plan, (iii) the provisions of Section 415(c)(4)(C) and (D) shall apply, if applicable, as set forth in Section 5.1(e) of this Housing Plan, and (iv) if and to the extent there are Inclusionary Obligation implementation issues that have not been addressed in this Housing Plan, then the provisions of Section 415 and the MOH Manual (as updated from time and time, with such changes to the extent permitted under the Development Agreement) shall govern and control such issues.

6. FINANCING OF AFFORDABLE HOUSING UNITS

6.1 Developer Housing Subsidy.

(a) Payment of Developer Housing Subsidy. The Developer Housing Subsidy shall accrue and be payable by Developer to the Authority upon each transfer of a

Market Rate Lot to a Vertical Developer, including Developer and its Affiliates, provided that for transfers during the first five (5) years following the first Sub-Phase Approval, the Developer Housing Subsidy shall accrue but shall not be payable until the earlier of (i) the date that is five (5) years following the first Sub- Phase Approval, (ii) forty-five (45) days after the Authority provides notice that it requires all or a portion of the accrued Developer Housing Subsidy to fulfill the Replacement Housing Obligation, to develop TIHDI Units, or to implement the Transition Housing Rules and Regulations, including predevelopment and administrative expenses as needed or (iii) an Event of Default by Developer. If the Authority requests payment pursuant to subsection (ii) above, Developer shall pay to the Authority the amount of the funds requested up to the accrued balance of the Developer Housing Subsidy. Developer may, before making any payment pursuant to subsection (ii) above, request evidence from the Authority verifying the amount requested is necessary for the purposes set forth in the request and that no other affordable housing funds are reasonably available to the Authority from the Project for such requested activity. The amount of the Developer Housing Subsidy shall be calculated in accordance with Section 1.17 of this Housing Plan. Except as set forth above, the Developer Housing Subsidy shall be paid by Developer to the Authority at the closing for each transfer of a Market Rate Lot to a Vertical Developer.

(b) Housing Subsidy True-Up Requirements. As set forth in section 1.17 of this Housing Plan, each payment of the Developer Housing Subsidy will be equal to $17,500 times the total number of Market Rate Units allowed to be constructed on a Market Rate Lot as set forth in the applicable Vertical DDA. The Parties have further agreed (i) that the minimum total amount of the Developer Housing Subsidy shall not be less than $73,500,000 (the "Minimum Subsidy Amount"), which is based on a minimum number of Market Rate Units of 4,200 and (ii) to a mid-point and end-point true-up for payment of the Minimum Subsidy Amount. On the date that Developer transfers the Market Rate Lot to a Vertical Developer that causes fifty percent (50%) or more of the total Residential Acreage of Market Rate Lots on Treasure Island to have been transferred to Vertical Developers (the "Mid-Point Date"), Developer shall notify the Authority of the transfer and of the total Developer Housing Subsidy paid by Developer to the Authority as of such date. If Developer has not paid to the Authority a Developer Housing Subsidy equal to or greater than one-half of the Minimum Subsidy Amount or $36,750,000 as of the Mid-Point Date, then Developer shall pay to the Authority within sixty (60) days of the Mid-Point Date an amount equal to the difference between $36,750,000 and the amount of the Developer Housing Subsidy previously paid to the Authority ("Mid-Point True-Up Amount").

Subsequent to the payment of the Mid-Point True-Up Amount, if any, Developer will continue to pay the Developer Housing Subsidy upon each transfer of a Market Rate Lot to a Vertical Developer in accordance with Section 6.1(a) above, provided, however, after Developer has paid the Developer Housing Subsidy equal to the Minimum Subsidy Amount excluding the Mid-Point True-Up Amount, then the Mid-Point True-Up Amount shall be credited toward the Developer's Housing Subsidy payments owed by Developer on subsequent transfers of Market Rate Lots (including Market Rate Lots on Treasure Island and Yerba Buena Island) until the amount of the Developer Housing Subsidy paid by Developer to the Authority including the Mid-Point True-Up Amount is equal to the Minimum Subsidy Amount. Upon completion of the credit (i.e., when Developer has paid the Minimum Subsidy Amount including any Mid-Point True-Up Payment), Developer will thereafter continue to pay the Developer Housing Subsidy

upon each transfer of a Market Rate Lot to a Vertical Developer in accordance with Section 6.1(a).

In addition, not less than 15 days before the date that Developer transfers the last Market Rate Lot to a Vertical Developer, Developer shall notify the Authority of the proposed transfer and of the total Developer Housing Subsidy paid by Developer to the Authority as of such date. If Developer has not paid to the Authority a Developer Housing Subsidy equal to or greater than the Minimum Subsidy Amount as of such date, then Developer shall pay to the Authority on or before the transfer of the last Market Rate Lot an amount equal to the difference between Minimum Subsidy Amount and the amount of the Developer Housing Subsidy previously paid to the Authority.

(c) Use of Developer Housing Subsidy. The Authority shall use the Developer Housing Subsidy for predevelopment and development expenses and administrative costs associated with the construction of the Authority Housing Projects on the Authority Housing Lots and for implementation of the Transition Housing Rules and Regulations, and for no other purpose. The Authority shall maintain reasonable books and records to account for all expenditures of the Developer Housing Subsidy, and make such books and records available to Developer upon request. Developer shall maintain reasonable books and records to account for all payments of the Developer Housing Subsidy, and shall make such books and records available for inspection to the Authority upon request. The Parties shall coordinate and keep each other informed of all development timelines. The Authority shall prioritize the use of the Developer Housing Subsidy for predevelopment and development expenses associated with the construction of Transition Units and TIHDI Replacement Units before other Authority Housing Units, as may be necessary to prevent delays in the close of Escrow for failure to satisfy Section 10.3.3.(h) of the DDA.

6.2 Designated Tax Increment and Other Funds. Each year, the Housing Percentage shall be deposited into the Housing Fund in accordance with Section 3.6 of the Financing Plan. All funds deposited into the Housing Fund shall be used by the Authority for administrative, predevelopment and development costs associated with the construction of the Affordable Housing Units on the Authority Housing Lots, and shall not be used to reimburse Developer for any of Developer's costs in Completing Infrastructure and Stormwater Management Controls on the Authority Housing Lots.

6.3 Jobs-Housing Linkage Fees. The commercial development within the Project Site is anticipated to generate Jobs-Housing Linkage fees to be paid into a housing fund held by the Authority in accordance with the DDA. The Authority shall use all Jobs-Housing Linkage fees payable by Vertical Developers of commercial uses within the Project Site for the development of Authority Housing Projects on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations in accordance with this Housing Plan. The Authority shall maintain at all times an accounting of the Jobs-Housing Linkage fees that have been paid and that have been used to date, and shall make that information available to the Developer upon request.

6.4 Affordable Housing Loan Fund. To facilitate the design and construction of the Affordable Housing Units and the implementation of the Transition Housing Rules and

Regulations, Developer shall provide and make available to the Authority within thirty (30) days following the first Sub-Phase Approval a revolving loan fund in the amount of Seven Hundred Fifty Thousand Dollars ($750,000) to be administered by the Authority or by a designee of the Authority Approved by Developer (the "Affordable Housing Loan Fund"). The Authority or its designee shall maintain the Affordable Housing Loan Fund in a segregated interest-bearing account, with interest earned to be retained in the account and added to the Affordable Housing Loan Fund. The Authority shall use the Affordable Housing Loan Fund for the Authority Housing Projects and for the implementation of the Transition Housing Rules and Regulations, including payment of administrative costs such as consultant costs and planning costs, to pay benefits to Transitioning Households and other related costs, and to pay construction costs for the Transition Housing Units. The Authority may also make loans to Qualified Housing Developers to aid their development activities, with such loans to be repaid when sufficient sources are available to finance the Authority Housing Projects. The Authority shall maintain books and records to account for all revenues and expenditures from the Affordable Housing Loan Fund and make all such records available to Developer upon request. The amounts deposited in the Affordable Housing Loan Fund by the Developer shall be credited against all future payments of the Developer Housing Subsidy without interest until the credit is exhausted. Developer shall not be responsible for any loan losses, write-offs or any other diminution in the balance of the Affordable Housing Loan Fund and has no obligation to replenish the Affordable Housing Loan Fund once established. The Authority may choose at any time to use amounts in the Affordable Housing Loan Fund to directly pay for construction costs relating to the Authority Housing Units, and any remaining balance shall be used by the Authority to fund the construction of the Authority Housing Units.

7. VERTICAL DEVELOPMENT PARKING REQUIREMENTS

7.1 Separation. For Market Rate Projects, all Parking Spaces shall be "unbundled" (i.e., purchased or rented separately from a Unit within such Residential Project). For the Authority Housing Projects, Parking Space can be bundled with an Authority Unit if such bundling is Approved by the Planning Director in accordance with the Design for Development. It is anticipated that such bundling may be necessary in connection with the financing of the Authority Housing Project. Vertical Developers shall have the sole discretion to determine whether Parking Spaces in a Market Rate Project are available for rent or purchase, if parking is offered.

7.2 Parking Charge.

(a) Market Rate and Inclusionary Units. The Vertical Developer of the Market Rate Lot will determine, in its sole discretion, the charge for Parking Spaces that are owned or developed by the Vertical Developer. The rental charge or purchase price for each Inclusionary Unit shall not include the Parking Charge, and the Parking Charge to a renter or purchaser of an Inclusionary Unit shall be the same as the Parking Charge charged to a renter or purchaser of a Market Rate Unit for a comparable Parking Space. Vertical Developers (and their successors) may not charge renters or purchasers of Inclusionary Units any fees, charges or costs, or impose rules, conditions or procedures on such renters or purchasers, that do not equally apply to all Market Rate renters or purchasers.

(b) Authority Housing Units. In the event a Qualified Housing Developer constructs Parking Spaces as part of or in connection with an Authority Housing Project, the Qualified Housing Developer may set and the Authority shall Approve in its sole discretion, the Parking Charge for such Parking Spaces.

7.3 Parking Allotments. The permitted parking allowance for each Authority Housing Lots shall be the same as the Island-wide ratio for residential parking set forth in the Design for Development, as it may be amended from time to time. As of the Effective Date, the permitted parking allowance for each Authority Housing Lot shall be one Parking Space per Authority Housing Unit. The Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI with Authority Approval) may elect to build Parking Spaces on the Authority Housing Lots. To the extent that Developer or Vertical Developer construct or cause to be constructed Parking Spaces in a central garage for use by multiple Residential Projects, the Authority or the Qualified Housing Developer (including the Qualified Housing Developer selected by TIHDI with Authority Approval) may contract with the owner of such central garage to rent or purchase spaces in the garage for use by residents of the Authority Housing Projects; provided, however, that the number of spaces constructed on the Authority Housing Lots and the number of spaces constructed in a central garage and dedicated to the Authority Housing Projects cannot exceed the number of residential units constructed on the Authority Housing Lots. Within each Major Phase, if and to the extent the Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI with Approval) does not wish to construct the full allotment of Parking Spaces permitted on an Authority Housing Lot and does not wish to use this permitted allotment on another Authority Housing Lot or on other Authority property in the Major Phase, then Developer shall have the right to use the unused parking allotment for a Market Rate Lot subject to terms and conditions agreed upon by the Parties.

7.4 Inclusionary Parking Allotment. For each Market Rate Project containing Inclusionary Units, the number of Parking Spaces first offered to renters or purchasers of Inclusionary Units shall be equal to the number of Inclusionary Units in the Market Rate Project, divided by the number of Residential Units in the Market Rate Project, times the total number of Parking Spaces associated with the Market Rate Project. Allotments yielding a fractional number of Parking Spaces shall be rounded down to the nearest whole number. The Parking Spaces reserved for Inclusionary Units must be first offered to Inclusionary Units. After all Inclusionary Units have been offered an opportunity to rent or purchase the Parking Spaces in the Inclusionary allotment as set forth above, the Vertical Developer may sell or rent any remaining Parking Spaces to the occupants of Market Rate Units, provided when new Parking Spaces become available, there shall be no discrimination between occupants of Market Rate Units and Inclusionary Units as set forth in Section 7.2 of this Housing Plan.

7.5 Transit Passes. Residents of Market Rate Units and Inclusionary Units shall be required to purchase a Prepaid Transit Voucher, the cost of which shall not be included in determining the Affordable Housing Cost for the Inclusionary Unit. Residents of the Authority Housing Units will not be charged for, nor will they receive, a Prepaid Transit Voucher, but they will have an opportunity to purchase a Transit Voucher at the same price as the price offered to other residents in the Project.

7.6 Congestion Pricing. As set forth in the Transportation Plan, all residents in the Project will be subject to Congestion Pricing and residents of Inclusionary Units and the Authority Housing Units will not receive any discount or reduction in the Congestion Pricing.

8. TRANSITION HOUSING

8.1 Transition Housing Plan. The Authority has adopted Transition Housing Rules and Regulations to govern the Authority's obligations regarding the Transitioning Households, which rules shall not be amended in a manner that materially impacts Developer without Developer's Approval. The Transition Housing Rules and Regulations provide certain benefits to Transitioning Households, including the opportunity to occupy Transition Units in the Project, moving benefits and down payment assistance. Developer and the Authority have estimated the costs of implementing the Transition Housing Rules and Regulations and have included those costs as part of the Developer Housing Subsidy.

8.2 Transition Benefits. Under the Transition Housing Rules and Regulations, the Authority shall offer all Transitioning Households Transition Benefits (as defined in the Transition Housing Rules and Regulations). Transition Benefits include the opportunity to rent a unit on Treasure Island, the opportunity to purchase a newly constructed unit within the Project, or the opportunity to select an in lieu payment, as more particularly described in the Transition Housing Rules and Regulations.

8.3 No Damages. Nothing in this Housing Plan, the Transition Housing Rules and Regulations or any rules or regulations subsequently Approved by the Authority regarding the transition of residents gives any person or tenant, including any member of any Transitioning Household, the right to sue the Authority, TIHDI or Developer for damages of any kind, including but not limited to actual, incidental, consequential, special or punitive damages. The Parties have determined and agreed that (i) monetary damages are inappropriate, (ii) equitable remedies and remedies at law, including specific performance but excluding damages, are particularly appropriate remedies for enforcement of tenant rights under the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents, (iii) the payment of damages would, if made, adversely impact the amount of Affordable Housing Units that could be developed on the Project Site, and (iv) the Authority, TIHDI and Developer would not have made the commitments to tenants set forth in the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents if it could subject them to liability for damages as a result thereof. Accordingly, notwithstanding anything to the contrary set forth in this Housing Plan, the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents, the Authority, TIHDI and the Developer shall not be liable in damages to any third party or tenant as a result of the failure to implement this Housing Plan, the Transition Housing Rules and Regulations or any other rules or regulations Approved by the Authority regarding the transition of residents in any manner. The foregoing shall not limit any rights or remedies available to persons or tenants under applicable law or any rights or remedies that the Parties may have with respect to other Parties pursuant to the DDA.

8.4 Implementation.

(a) Order; Costs. The Authority shall use good faith efforts to first transition households that are located on land to be transferred to the Developer as set forth in the Phasing Plan. Subject to the terms of this Housing Plan, the Authority shall be responsible for all costs associated with the implementation of the Transition Housing Rules and Regulations, including, to the extent applicable, payment of relocation benefits under the Uniform Relocation Act and California Government Code section 7260 et seq. and its implementing guidelines. The Parties understand and agree that all of the costs of implementing the Transition Housing Rules and Regulations shall be funded with the Developer Housing Subsidy or other Project-generated affordable housing funds, and implementation of the Transition Housing Rules and Regulations may be delayed until such time as there are sufficient Developer Housing Subsidy or other Project-generated affordable housing funds available.

(b) Construction. Except as set forth in this Housing Plan, the Authority shall be responsible for the construction of the units offered to Transitioning Households in accordance with the Transition Housing Rules and Regulations, including the obligation to construct sufficient units of the appropriate size based on the occupancy standards in the Transition Housing Rules and Regulations. To the extent Transitioning Households qualify for occupancy of Affordable Housing Units, Transition Units will be Affordable Housing Units as set forth in Section 3.3 of this Housing Plan. For any Transition Unit that is not an Affordable Housing Unit at inception, each such Transition Unit will be deed restricted so that it will become an Affordable Housing Unit immediately upon the vacancy of the Transitioning Household. Without limiting Developer's obligations under the DDA, Developer shall use good faith efforts to ensure that the Authority Housing Lots are Completed, and the Authority shall use good faith efforts thereafter to ensure that Authority Housing Projects are Completed for the Transitioning Households, at the times required for development of the Major Phases and Sub-Phases as contemplated in the DDA.

(c) Timing; Delay. The DDA provides that, as a mutual condition to close on any Sub-Phase, the Transition Housing Rules and Regulations must be implemented as to all units in that Sub-Phase. Accordingly, Developer shall not have the right to demolish any existing occupied residential units on YBI or Treasure Island until the Transition Requirements, as defined in Section 10.3.3.(h) of the DDA, have been satisfied. In the event that the failure to satisfy the Transition Requirements causes a delay in the closing of a Sub-Phase, the Parties agree to meet and confer in order to determine how best to proceed with the Project in the most efficient and cost-effective manner, provided that (i) the Authority and TIHDI shall have no liability to Developer for the failure to Complete any Transition Units on or before specified dates, (ii) Developer shall have the right, but not the obligation, to offer Market Rate Units, and for income-qualifying Transitioning Households, Inclusionary Units, as may be needed in order to implement the Transition Housing Rules and Regulations and permit Developer to close escrow for the Sub-Phase, (iii) the Parties shall consider Interim Moves for Transitioning Households if the Parties can reach agreement on the source of payment for such Interim Moves and (iv) Developer shall have the right, but not the obligation to satisfy the condition to closing by electing to construct Transition Units on Authority Housing Lots as provided in Section 8.4(d) below. Without limiting the foregoing, the Parties understand and agree that (A) Interim Moves for Transitioning Households from YBI to Treasure Island as contemplated by the Phasing Plan shall be paid for by the Authority as part of the implementation of the Transition Housing Rules and Regulations, (B) Interim Moves for TIHDI units shall be paid for by

Developer, as set forth in subsection (f) below, and (C) any additional Interim Moves shall not be required unless the Parties reach agreement on the payment source for such moves as set forth above.

(d) Potential Developer Construction. The Authority may request that Developer construct the Transition Units on Authority Housing Lots in order to facilitate the implementation of the Transition Housing Rules and Regulations, provided the Authority shall not request that Developer construct any such Transition Units if such construction is not required for the satisfaction of the Transition Requirements by the anticipated closing date of a Sub-Phase that would trigger the Transition Requirements. If all conditions to close a Sub-Phase have been met except for satisfaction of the Transition Requirements, then Developer may satisfy the Transition Requirements by electing to construct the Transition Units on one or more Authority Housing Lots. The Parties shall meet and confer in good faith to reach agreement on the location, density, funding and the terms for construction of the Transition Units to enable Developer to construct such Transition Units in accordance with this Agreement, provided, however, Developer agrees that any Transitions Units constructed by Developer shall have a density of at least fifty dwelling units per acre. The cost to construct the Transition Units shall be a Project Cost and either (i) an advance payment of the Developer Housing Subsidy in an amount agreed to by the Parties or (ii) subject to such alternative financial arrangement as agreed to by the Parties. If the Developer undertakes the obligation to construct the Transition Units, the Authority shall cooperate with Developer, including entering into necessary Permits to Enter and issuing approvals consistent with the Design for Development and the DRDAP.

(e) Potential Subsidy Advance. The Authority may also request from time to time that the Developer provide an advance of the Developer Housing Subsidy, in excess of the amounts deposited in the Affordable Housing Loan Fund and in excess of any payments required under Section 3.1 of this Housing Plan, if necessary to implement the Transition Housing Rules and Regulations, including the payment of reasonable administrative costs associated with the Transition Housing Rules and Regulations, the cost of providing benefits to Transitioning Households for either Interim Moves or Long Term Moves and costs associated with the construction of the Transition Units. Before requesting any advance of the Developer Housing Subsidy, the Authority shall first use any funds available in the Affordable Housing Loan Fund that have not been pledged for the construction of an Authority Housing Project that has already Commenced construction. Developer shall be required to advance the sums requested by the Authority for implementation of the Transition Housing Rules and Regulations if the funds are necessary to provide benefits to Transitioning Households required to move in order for Developer to proceed with residential or commercial development in an Approved Sub-Phase, unless (i) the Developer chooses to delay proceeding with that Sub-Phase if and as permitted by the Schedule of Performance and Excusable Delay provisions of the DDA and (ii) Transition Benefits have not yet accrued to Transitioning Households. Developer shall not be obligated to fund any such requested advance if the funds are requested for Transitioning Households who could remain in their existing housing without interfering with Developer or Vertical Developer's construction in an Approved Sub-Phase.

(f) TIHDI Interim Moves. Notwithstanding anything to the contrary above, if the Developer's schedule for construction results in the need to move residents of existing TIHDI units before replacement units for the TIHDI units have been constructed, (i)

Developer shall pay for the costs associated with moving those TIHDI residents to other units currently existing on Treasure Island, including the costs associated with upgrading such existing units to meet any licensing requirements and to allow for continuation of the then existing programs and (ii) the costs of such moves and upgrades shall be in addition to the Developer Housing Subsidy.

8.5 Premarketing Requirement. The Vertical DDAs will require that all Vertical Developers of Market Rate Lots comply with the requirements of the Transition Housing Rules and Regulations to offer Transitioning Households and certain other Households that are former residents of NSTI, as more particularly described in the Transition Housing Rules and Regulations, an opportunity to make an offer to purchase a new unit during a premarketing window of not less than 30 days for any Sale Units in accordance with the requirements of the Transition Rules and Regulations. Each Vertical Developer will be required to offer only one premarketing opportunity per Market Rate Project. In the event that the Authority has not Approved the Marketing and Operations Guidelines for Inclusionary Units as set forth in Section 5.1(h) of this Housing Plan within 60 days following submittal, Vertical Developers may proceed with the premarketing and marketing of the Market Rate Units in that Residential Project and will offer a one-time, separate premarketing window of 30 days for the Inclusionary Units in that Residential Project following the Authority's Approval of the Marketing and Operations Guidelines.

The Authority will be responsible for maintaining the Premarketing Notice List and Transitioning Households and former residents of NSTI are exclusively responsible for updating their own contact information with the Authority. Vertical Developers will be obligated to provide the Authority with the required notice regarding the availability of new units and it shall be the Authority's responsibility to distribute such Notice to the Premarketing Notice List. Neither Developer nor Vertical Developers will be responsible for updating the Premarketing Notice List, verifying the accuracy of the information in the list, or for any errors or omissions in the list. The Authority's provision of notice to the address on the Premarketing Notice List will be conclusive evidence that the Households on the Premarketing Notice List were provided adequate and proper notice.

9. INCREASED AFFORDABLE HOUSING IF LAW AMENDED OR ADDITIONAL PUBLIC FUNDS BECOME AVAILABLE.

9.1 IFD Revisions. As described in the Summary of this Housing Plan, the Minimum Affordable Percentage for the Project was reduced from the Thirty Percent Minimum to the Twenty-Five Percent Minimum as a result of the Parties' reliance on available property tax increment from Infrastructure Financing Districts instead of Community Redevelopment Law for the public financing component of the Project. The Parties understand and agree that if the following revisions are made to the IFD Act, then the public funding available for the Project, including the funds available for Affordable Housing, will equate to the public funding that would have been available under the Community Redevelopment Law as of the Effective Date as estimated by the Parties (the "CRL Funding Amount"): (i) the incremental tax revenue available for Project Costs excluding the Housing Percentage is equal to sixty percent (60%) or more of the total incremental tax revenue from the property in the IFD; (ii) the life of an IFD is extended to forty-five (45) years or longer, and the ability to incur debt to fund Project Costs is at least

twenty years; (iii) subordination of taxing agencies' share of incremental tax revenues to debt issued by the IFD is authorized in a manner similar to the current provisions of Health and Safety Code Section 33607.5; and (iv) the public improvements eligible to be funded with the incremental tax revenues from the IFD are consistent with those allowed to be funded with tax increment revenue under the California Community Redevelopment Law (collectively, the "Maximum Public Financing Revisions").

9.2 Potential Future Changes to Housing Plan. If, on or before the later of (i) the date that is sixty (60) months after the Effective Date, and (ii) the Initial Closing under the Conveyance Agreement (the "Outside IFD Revision Date"), the Maximum Public Financing Revisions are made to the IFD Law or other public financing options become available so that the public funding available for the Project is the same as the CRL Funding Amount, then the Twenty-Five Percent Minimum shall become the Thirty Percent Minimum and:

(a) the Authority Housing Units shall be increased to a maximum of 2,105 units and the Developer Residential Units shall be decreased to a maximum of 5,895 unit and the Authority Housing Lots shall include the Additional Authority Housing Lots Under the Thirty Percent Minimum as shown on the Housing Map attached as Attachment B;

(b) this Housing Plan shall be amended to provide that Completed Authority Housing Lots shall comprise 27% of the total Residential Acreage of the Residential Developable Lots, the total Residential Acreage of the Authority Housing Lots on Treasure Island shall not be less than twenty percent (20%) in each Major Phase, and that the Cumulative Total Authority Housing Acreage on Treasure Island shall be twenty five percent (25%) at the time of Approval of the Major Phase that includes the 2,950 Developer Residential Unit;

(c) the Inclusionary Milestones set forth in Section 5.1(c) of this Housing Plan shall be amended to be the dates of conveyance to Vertical Developers of Market Rate Lots allowing for development of (i) 2,065 Developer Residential Units; (ii) 2,950 Developer Residential Units and (iii) 4,420 Developer Residential Units; and

(d) Developer shall submit a new or revised Housing Data Table that reflects the revised Authority and Market Rate Housing Units numbers.

If the Maximum Public Financing Revisions are not made on or before the Outside IFD Revision Date, then: (A) the Authority Housing Units shall be increased to a maximum of 1,866 units and the Developer Residential Units shall be decreased to a maximum of 6,134 units, although there will be no change to the number, acreage or location of Authority Housing Lots shown on Exhibit B; (B) the Inclusionary Milestones set forth in Section 5.1(c) of this Housing Plan shall be amended to be the dates of conveyance to Vertical Developers of Market Rate Lots allowing for development of (i) 2,150 Developer Residential Units; (ii) 3,065 Developer Residential Units and (iii) 4,600 Developer Residential Units; and (C) Developer shall submit a new or revised Housing Data Table that reflects the revised Authority and Market Rate Housing Units numbers.

9.3 Increases from the Twenty-Five Percent Minimum to the Thirty Percent Minimum. If some but not all of the Maximum Public Financing Revisions are made to the IFD

Act or other public funding for affordable housing is made available during the Term ("Partial Public Financing Revisions"), then the Authority shall have the right to acquire one or more of the Authority Housing Lots shown as Additional Authority Housing Lots Under the Thirty Percent Minimum on the Housing Map attached as Attachment B, together with an appropriate increase in the Minimum Affordable Percentage if requested, at the Fair Market Value Price. The Fair Market Value Price shall be fair market value of the land and the corresponding housing entitlement (if any), using the same methodology as used in the Proforma and taking into account all costs and savings to Developer resulting from the loss of the land and any increase in the Minimum Affordable Percentage, including all changes in estimated IFD and CFD revenues to Developer and the decrease in the Developer Housing Subsidy payable by Developer, but excluding estimated profits from the vertical development on the land. Upon the Authority's request following a Partial Public Financing Revision, the Parties agree to meet and confer in good faith for a period of not less than ninety (90) days to determine the Fair Market Value Price and any change in the Minimum Affordable Percentage (if applicable) and the corresponding adjustments to this Housing Plan. If the Parties are not able to agree on the Fair Market Value Price, the Minimum Affordable Percentage, or the corresponding adjustments to this Housing Plan within ninety (90) days, then either Party shall have the right to initiate the appraisal process set forth in Section 17.4 of the DDA.

9.4 Initial Applications. The Parties agree that before such time as the Maximum Public Financing Revisions or the Partial Public Financing Revisions occur, Developer may submit Major Phase Applications and Sub-Phase Applications based upon the terms of this Housing Plan without assuming that there will be any change to the IFD Law or the public financing available for Affordable Housing at the Project Site. However, the Parties agree to make the revisions set forth in Section 9.2 above as soon as the Maximum Public Financing Revisions occur and the revisions in Section 9.3 above as soon as the Partial Public Financing Revisions occur.

10. NON-APPLICABILITY OF COSTA HAWKINS ACT

The Parties understand and agree that the Costa-Hawkins Rental Housing Act (California Civil Code sections 1954.50 et seq.; the "Costa-Hawkins Act") does not and in no way shall limit or otherwise affect the restriction of rental charges for the Affordable Housing Units or the Inclusionary Units developed pursuant to the DDA and the Development Agreement (including this Housing Plan). This DDA falls within an express exception to the Costa-Hawkins Act because the DDA is a contract with a public entity in consideration for a direct financial contribution and other forms of assistance specified in Chapter 4.3 (commencing with section 65915) of Division 1 of Title 7 of the California Government Code. Accordingly, Developer, on behalf of itself and all of its successors and assigns, including all Vertical Developers, agrees not to challenge, and expressly waives, now and forever, any and all rights to challenge, Developer's obligations set forth in this Housing Plan related to Inclusionary Units, under the Costa-Hawkins Act, as the same may be amended or supplanted from time to time. Developer shall include the following language, in substantially the following form, in all Vertical DDAs:

> "The DDA (including the Housing Plan) implements the California Infrastructure Financing District Law, Cal. Government Code §§ 53395 et seq. and City of San

Francisco policies and includes regulatory concessions and significant public investment in the Project. The regulatory concessions and public investment include, without limitation, a direct financial contribution of net tax increment, the conveyance of real property without payment, and other forms of public assistance specified in California Government Code section 65915 et seq. These public contributions result in identifiable, financially sufficient and actual cost reductions for the benefit of Developer and Vertical Developers, as contemplated by California Government Code section 65915. In light of the Authority's authority under Government Code Section 53395.3 and in consideration of the direct financial contribution and other forms of public assistance described above, the parties understand and agree that the Costa-Hawkins Act does not and shall not apply to the Inclusionary Units developed at the Project under the DDA."

The Parties understand and agree that the Authority would not be willing to enter into the DDA, without the agreement and waivers as set forth in this Article 9.

11. MISCELLANEOUS

11.1 No Third Party Beneficiary. Except to the extent set forth in the DDA, there are no express or implied third party beneficiaries to this Housing Plan.

11.2 Severability. If any provision of this Housing Plan, or its application to any Person or circumstance, is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Housing Plan or the application of such provision to any other Person or circumstance, and the remaining portions of this Housing Plan shall continue in full force and effect. Without limiting the foregoing, in the event that any applicable law prevents or precludes compliance with any term of this Housing Plan, the Parties shall promptly modify this Housing Plan to the extent necessary to comply with such law in a manner that preserves, to the greatest extent possible, the benefits to each of the Parties. In connection with the foregoing, the Parties shall develop an alternative of substantially equal, but not greater, cost and benefit to Developer and any applicable Vertical Developer so as to realize from the Project substantially the same (i) overall benefit (from a cost perspective) to the public and (ii) overall benefit to Developer and any applicable Vertical Developer.

EXHIBIT E, ATTACHMENT A
HOUSING DATA TABLE

MAJOR PHASE AND SUB-PHASE (Cells that are shaded to be provided at Sub-Phase Only)

Major Phase:	
Sub-Phase:	
Block:	

	ALL LOTS		MARKET RATE LOTS ONLY														AUTHORITY LOTS	
Residential Project Lot Number & Location	Lot Type (Authority, Auction, Other)	Acres	Anticipated Product Type (TH, Flat, Tower, etc.)	Max Bldg Ht Allowed	Anticipated Bldg Ht	Density (in DUA)	Total Developer Unit Count	Number Mkt Rt Units	Number IndUnits (Total)	Rental or For Sale	Number IndUnits @ 60% (Rental)	Number IndUnits @ 80% (For Sale)	Number IndUnits @ 90% (For Sale)	Number IndUnits @ 100% (For Sale)	Number IndUnits @ 110% (For Sale)	Number IndUnits @ 120% (For Sale)	Change to Size or Location?	Target Infrastructure Completion Date
1																		
2																		
3																		
4																		
5																		
Block Subtotal		0.00				#DIV/0!	0	0	0									

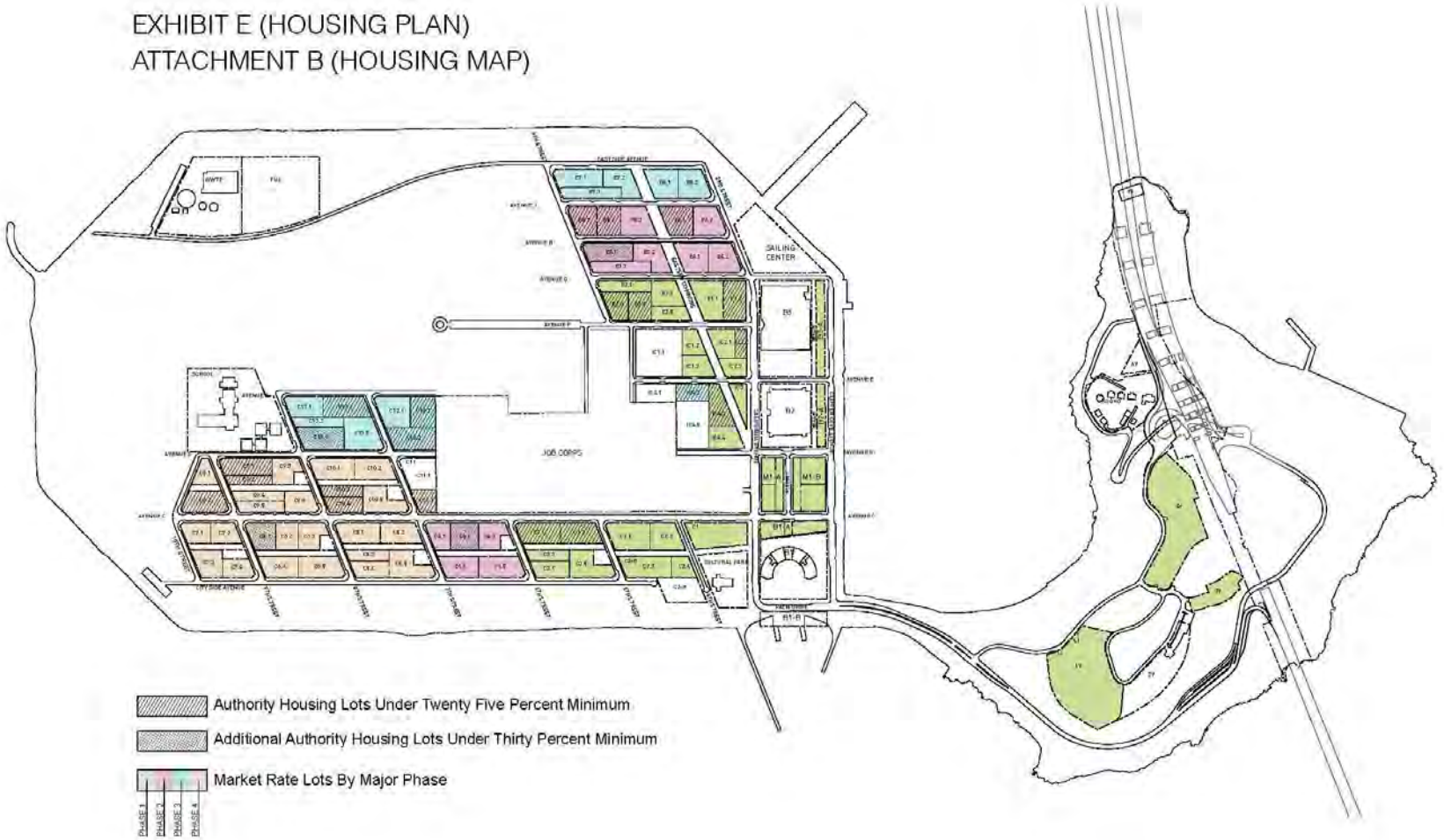
Major Phase:	
Sub-Phase:	
Block:	

	ALL LOTS		MARKET RATE LOTS ONLY														AUTHORITY LOTS	
Residential Project Lot Number & Location	Lot Type (Authority, Auction, Other)	Acres	Anticipated Product Type (TH, Flat, Tower, etc.)	Max Bldg Ht Allowed	Anticipated Bldg Ht	Density (in DUA)	Total Developer Unit Count	Number Mkt Rt Units	Number IndUnits (Total)	Rental or For Sale	Number IndUnits @ 60% (Rental)	Number IndUnits @ 80% (For Sale)	Number IndUnits @ 90% (For Sale)	Number IndUnits @ 100% (For Sale)	Number IndUnits @ 110% (For Sale)	Number IndUnits @ 120% (For Sale)	Change to Auth Lot Size or Location?	Target Infrastructure Completion Date
1																		
2																		
3																		
4																		
5																		
Block Subtotal:		0.00				#DIV/0!	0	0	0									

PROJECT SUMMARY

	Total Residential Acreage	Total Authority Residential Acreage	Total Market Rate Residential Acreage	Total Developer Residential Units	Number Mkt Rt Units (For Sale)	Number IndUnits (For Sale)	Number Mkt Rt Units (Rental)	Number IndUnits (Rental)	Number IndUnits @ 60%	Number IndUnits @ 80%	Number IndUnits @ 90%	Number IndUnits @ 100%	Number IndUnits @ 110%	Number IndUnits @ 120%
Total for all Prior Approved Major Phases / Sub-Phases														
Total for this Major Phase/Sub-Phase														
Total of Prior Approved plus Proposed Major Phase / Sub-Phase														
Percentage for this Major Phase/Sub-Phase	**% Auth Land:**	#DIV/0!												
Cumulative Percentage	**% Auth Land:**	#DIV/0!	**% Rental:**	#DIV/0!										

EXHIBIT E (HOUSING PLAN)
ATTACHMENT B (HOUSING MAP)



TREASURE ISLAND DEVELOPMENT AUTHORITY

TRANSITION HOUSING RULES AND REGULATIONS

FOR THE VILLAGES AT TREASURE ISLAND

ADOPTED BY

TREASURE ISLAND DEVELOPMENT AUTHORITY

BOARD OF DIRECTORS

Resolution No.

[date]

TRANSITION HOUSING RULES AND REGULATIONS

FOR THE VILLAGES AT TREASURE ISLAND

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TRANSITION HOUSING RULES AND REGULATIONS

FOR THE VILLAGES AT TREASURE ISLAND

I. GENERAL

A. Background

These Transition Housing Rules and Regulations for The Villages at Treasure Island ("**Transition Housing Rules and Regulations**") reflect the decision of the Treasure Island Development Authority Board of Directors ("**TIDA Board**") to implement certain recommendations made by the Board of Supervisors of the City and County of San Francisco ("**City**") in Resolution No. 699-06 (the "**Term Sheet Resolution**"). Definitions used in these Transition Housing Rules and Regulations are provided in **Appendix 4** for reference.

During World War II, Naval Station Treasure Island ("**NSTI**") was used as a center for receiving, training, and dispatching service personnel.

After the war, NSTI was used primarily as a naval training and administrative center. In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510, 10 U.S.C. § 2687 and its subsequent amendments ("**BRAC**"). The Department of Defense subsequently designated the City as the Local Reuse Authority responsible for the conversion of NSTI to civilian use under the federal disposition process.

The City opted to negotiate for the transfer of NSTI under the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Pub. Law 103-421) (the "**Base Redevelopment Act**") amending BRAC, under which certain portions of NSTI would be set aside for homeless assistance programs in a manner that balances the economic development needs of the redevelopment process. A consortium of nonprofit organizations is providing a variety of services to the formerly homeless (currently, Catholic Charities, Community Housing Partnership, Rubicon Programs, Swords for Ploughshares, and Walden House), organized as the Treasure Island Homeless Development Initiative ("**TIHDI**"), to coordinate the homeless assistance programs to be provided under the Base Redevelopment Act.

In anticipation of base closure and following a public planning process, the Mayor, the Board of Supervisors, and the Planning Commission endorsed a Draft Base Reuse Plan for NSTI in 1996 outlining opportunities, constraints, policy goals, and recommendations for the redevelopment of NSTI. The City entered into an agreement with TIHDI in 1996 to develop and implement the homeless component under the Base Reuse Plan, which includes the right to temporary use of former military housing at NSTI and permanent housing through the base redevelopment process. The City formed Treasure Island Development Authority ("**TIDA**") as a redevelopment agency under California redevelopment law and designated TIDA as the City's

Local Reuse Authority for NSTI as authorized under the Treasure Island Conversion Act of 1997 (Assembly Bill No. 699, Stats. 1997, ch. 898).

TIDA initiated formal negotiations with the Navy in 1997, the same year the Navy formally closed base operations at NSTI. Also in 1997, the Navy contracted with the City (and subsequently, TIDA) to manage the property pending negotiations for its transfer and redevelopment. As part of managing NSTI on behalf of the Navy, TIDA began subleasing at market rates a portion of the former military housing now known as The Villages at Treasure Island ("**The Villages**") through a master lease with The John Stewart Company, and directly leasing space to a variety of commercial tenants. The master leases, the Residential Leases for Villages units, and commercial leases are interim pending the Navy's transfer of NSTI to TIDA for redevelopment and reuse.

TIDA selected Treasure Island Community Development, LLC ("**TICD**") in 2003 for exclusive negotiations for the master redevelopment of NSTI. The Board of Supervisors adopted the Term Sheet Resolution in 2006, endorsing the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (as updated and endorsed by the TIDA Board of Directors and the Board of Supervisors in 2010, the "**Development Plan**"), conditioned on completion of environmental review under the California Environmental Quality Act ("**CEQA**"), an extensive community review process, and endorsement by the Treasure Island/Yerba Buena Island Citizen's Advisory Board and the TIDA Board. The Development Plan will serve as the basis for a Development and Disposition Agreement between TIDA and TICD (as amended, the "**DDA**"), which will govern their respective rights and obligations for the redevelopment of certain portions of NSTI if approved by the TIDA Board and the Board of Supervisors after completion of CEQA review. In the Term Sheet Resolution, the Board of Supervisors recommended that the TIDA Board create a transition program setting forth terms by which existing residents of NSTI could have the opportunity to rent at reduced rents or buy newly-constructed units on Treasure Island.

Consistent with Assembly Bill No. 699, the Development Plan specifies that all of the former military housing on the NSTI (except certain historic buildings) eventually will be demolished. As outlined in the Development Plan, TIDA and TICD intend to phase redevelopment so that new housing can be built on NSTI before demolishing most of the existing residential structures as follows.

- Redevelopment of Yerba Buena Island is planned as part of the first phase of the redevelopment project, requiring demolition of existing Yerba Buena Island housing to be among TICD's first development activities. Transitioning Households on Yerba Buena Island affected by the early phases of redevelopment will be offered Existing Units on Treasure Island through Interim Moves.

- Demolition of the housing on Treasure Island is proposed to occur in the later phases of the redevelopment project. But some Transitioning Households may be asked to make Long-Term Moves in earlier phases as new housing becomes available for occupancy.

B. Purpose

These Transition Housing Rules and Regulations:

- are designed to ensure that eligible Villages Households who satisfy all qualifications of Transitioning Households under **Section II.A** (Determination of Household Eligibility for Transition Benefits) receive housing opportunities consistent with the Term Sheet Resolution;

- describe benefits below ("**Transition Benefits**") that are available only to Transitioning Households;

- specify the eligibility criteria for Transitioning Households to receive Transition Benefits; and

- outline the procedures by which Transitioning Households will be offered Transition Benefits, including the opportunity to occupy new housing to be built on TI.

C. Limits of Applicability

The Transition Benefits under these Transition Rules and Regulations:

- apply only to Transitioning Households required to move to accommodate redevelopment of NSTI in accordance with the DDA;

- do not apply if TIDA must relocate Villages and TIHDI residents due to disaster or other declared emergency affecting living conditions on NSTI; and

- do not apply to:

  - Villages Households that do not satisfy all qualifications of Transitioning Households under **Section II.A** (Determination of Household Eligibility for Transition Benefits); or

  - residents in housing managed by TIHDI member organizations, who will have the opportunity to move to new supportive housing that TIHDI will develop under the proposed Amended and Restated Base Closure Homeless Assistance Agreement; or

  - TIDA's commercial tenants.

D. Overview and Program Framework

Two types of moves affecting Transitioning Households are anticipated as NSTI is redeveloped:

- **Interim Moves**, in which a Transitioning Household moves from one Existing Unit in The Villages to another Villages Existing Unit on Treasure Island following receipt of a Notice to Move. An example of this would be a move from an Existing Unit in an area proposed for redevelopment in an early phase to an Existing Unit on Treasure Island. *Most Transitioning Households will not be asked to make an Interim Move.*

- **Long-Term Moves**, in which a Transitioning Household moves from one of the Existing Units to a newly-constructed Dwelling on Treasure Island. All Transitioning Households (including those that previously made an Interim Move) will have the opportunity to make this move.

Key elements of these Transition Housing Rules and Regulations are:

- All Transitioning Households that receive a Notice to Move for either an Interim Move or a Long-Term Move will be eligible for Transition Benefits under these Transition Housing Rules and Regulations.

- NSTI residents who move off-Island before they receive a Notice to Move and an offer of Transition Benefits are not Transitioning Households and will not be eligible for Transition Benefits.

- All Transitioning Households will have the opportunity to remain on Treasure Island. No eligible Transitioning Household will be required to move before receiving an offer of Transition Benefits.

- Transitioning Households will have an opportunity to select one of the three Transition Benefit Options described in these Transition Housing Rules and Regulations:

  - the Transition Unit Option to move into rental housing on Treasure Island (See **Article V** (Description of Transition Unit Option));

  - the In-Lieu Payment Option for a lump sum payment upon moving off-Island (See **Article VI** (Description of In-Lieu Payment Option)); or

  - the Unit Purchase Assistance Option for down payment assistance in the purchase of a newly-constructed Dwelling on NSTI (See **Article VII** (Description of Unit Purchase Assistance Option)).

- Moving assistance will be provided to Transitioning Households that:
  - make Interim Moves to other Existing Units on Treasure Island; or
  - select the Transition Unit Option and make Long-Term Moves from their Existing Units to new Transition Units.
- A Premarketing Window to purchase newly-constructed Dwellings on NSTI will be available to:
  - all Transitioning Households in Existing Units before they have selected a Transition Benefit; and
  - Post-Transition Tenants that selected the In-Lieu Payment Option and received an In-Lieu Payment.
- Any resident of The Villages who moves onto NSTI after the DDA Effective Date will be a Post-DDA Tenant under these Transition Housing Rules and Regulations. Post-DDA Tenants who by definition do not qualify for an exception under **Section II.A.1** (Defined Terms for Determining Eligibility) are ineligible for Transition Benefits, but will be offered transition advisory services when required to move.

E. Effective Date

These Transition Housing Rules and Regulations will be effective on the date the DDA becomes effective (the "**DDA Effective Date**"), if the DDA is approved by the TIDA Board and the Board of Supervisors after completion of CEQA review.

II. ELIGIBILITY

A. Determination of Household Eligibility for Transition Benefits

The first step in determining whether a Villages Household is eligible for Transition Benefits is determining the status of the Household, based on the criteria below.

Only Transitioning Households are eligible for Transition Benefits. Transition Benefits are offered to each Transitioning Household as a Household and not to individual members of the Household.

1. Defined Terms for Determining Eligibility. TIDA will determine the members of a Transitioning Household based on the following definitions:

a. "**Existing Unit**" means a Dwelling located on NSTI that is occupied by a Transitioning Household as its primary Dwelling before receipt of a First Notice to Move or an Interim Notice to Move.

b. "**Good Standing**" means that TIDA does not have grounds for eviction as described in **Section XII.A** (Eviction).

c. "**Household**" means an individual, or two or more individuals, related or unrelated, who live together in an Existing Unit as their primary Dwelling, or one or more families occupying a single Existing Unit as their primary Dwelling, including: (i) all adult Household members who are named in the Residential Lease; (ii) minor children in the Household; and (iii) the spouse or registered domestic partner of a Household member. Under these Transition Housing Rules and Regulations, all occupants of a single Existing Unit constitute a single Household, and a Household may include both Post-DDA Tenants and members of a Transitioning Household.

d. "**Post-DDA Tenant**" means a resident who moves onto NSTI after the DDA Effective Date, except as follows: (i) a spouse or registered domestic partner of a member of a Transitioning Household; (ii) a minor child of a member of a Transitioning Household; and (iii) a live-in caregiver for a member of a Transitioning Household who has been approved by TIDA or its agent to reside in the Existing Unit. Persons in categories (i) and (ii) above will only be considered Post-DDA Tenants if the Household notified TIDA in writing of the new Household member, and requested that the Person's name be added to the Residential Lease at the time that the Household member joined the Household, or, if that Person became a member of the Household after TIDA's most recent notice of annual change in base rent under the Residential Lease.

e. "**Residential Lease**" means the lease agreement, including any addenda, under which a Transitioning Household or a Post-DDA Tenant lawfully occupies an Existing Unit, or under which an employer provides employee housing for employees working on NSTI.

f. "**Transitioning Household**" means a Villages Household consisting of residents who: (i) lawfully occupied an Existing Unit in The Villages as its primary Dwelling on the DDA Effective Date as evidenced by each adult resident's signature on the Residential Lease and each minor child identified as an occupant in the Residential Lease; (ii) continue to live in an Existing Unit until the Household receives a First Notice to Move for a Long-Term Move or accepts an In-Lieu Payment or Down Payment Assistance; and (iii) remain in Good Standing under its Residential Lease until the Household receives a First Notice to Move for a Long Term Move or accepts an In-Lieu Payment or Down Payment Assistance. A Transitioning Household specifically excludes the following: (A) any Person or Household in Unlawful Occupancy of the Existing Unit; (B) any Post-DDA Tenant in the Household; (C) any Person who occupies an Existing Unit under an arrangement with a business entity that has entered into a Residential Lease with TIDA; and (D) any Person who occupies the Existing Unit solely for the purpose of obtaining Transition Benefits.

g. "**Unlawful Occupancy**" means: (i) a Person or Household has been ordered to move by a valid court order; (ii) the Person's or Household's tenancy has been lawfully terminated, if the termination was not undertaken for the purpose of evading the obligations of these Transition Housing Rules and Regulations; or (iii) a Person is not listed on

the Residential Lease, except for a: (x) spouse or registered domestic partner of a member of a Transitioning Household; (y) minor child of a member of a Transitioning Household; or (z) live-in caregiver for a member of a Transitioning Household who has been approved by TIDA or TIDA's agent to reside in the unit, provided that Persons in categories (x) and (y) have met the requirements to be considered a Post-DDA Tenant.

2. TIDA Records of Eligibility. Based on information available to TIDA, including information provided by Villages Households during and in follow-up to interviews under **Section III.B** (Interview Households and Offer Advisory Services), TIDA will maintain records indicating which members of each Villages Household constitute an eligible Transitioning Household and which members are Post-DDA Tenants or otherwise not qualified for Transition Benefits.

B. Ineligible Residents

1. Post-DDA Tenants. Post-DDA Tenants are ineligible for Transition Benefits. A Post-DDA Tenant may be a resident in an Existing Unit in which other residents constitute a Transitioning Household. Post-DDA Tenants will be eligible only for transition advisory services under these Transition Housing Rules and Regulations.

2. Unlawful Occupancy. A resident in Unlawful Occupancy of an Existing Unit is ineligible for Transition Benefits or advisory services under these Transition Housing Rules and Regulations.

III. TRANSITION NOTICES AND PROCEDURES

A. First Notice to Move

1. Delivery of First Notice to Move. TIDA will deliver a First Notice to Move to each affected Household before the Household is required to move to facilitate the ongoing redevelopment of NSTI.

2. Time of Notice. The First Notice to Move will be delivered: (a) no less than 90 days before the date by which an Interim Move must occur; and (b) no less than 120 days before the date by which a Long-Term Move must occur.

3. Contents of Notice. The First Notice to Move will state:

a. whether the move will be an Interim Move or a Long-Term Move;

b. TIDA's intent to terminate the Residential Lease for the Existing Unit on a specified date, by which the Household will be required to move;

c. whether TIDA records: (i) list any or all of the members of the Household as an eligible Transitioning Household; or (ii) indicate that any members of the Household are Post-DDA Tenants or are otherwise ineligible for Transition Benefits;

d. if TIDA records indicate that any members of the Household are or may be a Transitioning Household: (i) additional information or verifications necessary to determine eligibility as a Transitioning Household; (ii) a general description of the Transition Benefits that a Transitioning Household may receive under these Transition Housing Rules and Regulations; (iii) additional steps a Transitioning Household must take to secure Transition Benefits, such as setting up an interview to provide TIDA with the information necessary to complete income certification requirements and determine the composition of the Transitioning Household; and (iv) the time-frame for setting up the informational interview to establish the Transitioning Household's housing needs and certify Household Income;

e. if TIDA records indicate that the entire Household (or any member of the Household) is not a Transitioning Household but is a Post-DDA Tenant, information regarding advisory services available to Post-DDA Tenants and on the Household's opportunity to present information demonstrating its eligibility as a Transitioning Household;

f. contact information for questions about the notice or process; and

g. that the notice and all future notices will be translated into a language understood by the Household if the Household notifies TIDA that the Household does not include an adult fluent in English.

B. Interview Household and Offer Advisory Services

1. Schedule Interview. After the First Notice to Move is delivered, TIDA will contact each Household to set up interviews. TIDA will provide sufficient advance notice and scheduling flexibility to enable each adult in the Household (except those in Unlawful Occupancy of the Existing Unit) to be interviewed, so that TIDA can obtain required information and provide advisory services described below.

2. Advisory Services for Transitioning Households:

a. The interviews will enable TIDA to: (i) describe and explain any applicable eligibility requirements for the specific Transition Benefits available to the Transitioning Household under these Transition Housing Rules and Regulations; (ii) advise and assist the Transitioning Household in evaluating its housing needs; (iii) identify any special needs for that Transitioning Household; (iv) assist each Transitioning Household to complete applications for Transition Benefits; and (v) ensure that no Transitioning Household will be required to move from an Existing Unit without an opportunity to relocate to a Transition Unit, except in the case of: (A) an Interim Move; (B) a major disaster as defined in § 102(2) of the federal Disaster Relief Act of 1974; (C) a state of emergency declared by the President of the United States or the Governor of the State of California; or (D) any other emergency that requires the Household to move immediately from the Existing Unit because continued occupancy of the Existing Unit by the Household constitutes a substantial danger to the health or safety, or both, of the Household.

b. For Long-Term Moves only: (i) the Transitioning Household must begin the process of determining Household Income; and (ii) to qualify for an income-restricted Transition Unit under **Sections V.E.1**, **V.E.2**, or **V.E.3** (Calculation of Base Monthly Rental Cost), Household Income of the entire Transitioning Household must be certified, subject to third-party verification. For all Households, TIDA will use the then-current Tenant Income Certification Form published by the California Tax Credit Allocation Committee to determine Household Income. A copy of the current form is attached as **Appendix 1**.

c. If all adult members of a Transitioning Household do not consent to be interviewed or do not provide all of the required information requested during or within 30 days after the interview, TIDA will be entitled to rely solely on the limited information provided in response to the interview and contained in its records relating to the Household when making its determination about eligibility for Transition Benefits.

3. Advisory Services for Post-DDA Tenants. The interviews will enable TIDA to offer the following advisory services to Post-DDA Tenants: (a) assist in evaluating their housing needs and any special needs; (b) provide references to providers of special needs services and other housing in San Francisco; and (c) provide a Household with the opportunity to present information to TIDA to support a claim of eligibility for Transition Benefits.

C. Second Notice to Move

1. Time and Contents of Second Notice to Move. No less than 60 days before a Household is required to move, TIDA will deliver a Second Notice to Move. The Second Notice to Move will state:

a. TIDA's determination of whether the Household is an eligible Transitioning Household;

b. which members of the Household, if any, are Post-DDA Tenants, in Unlawful Occupancy, or otherwise ineligible for Transition Benefits;

c. the actual date by which the move must be complete (the "**Move Date**"); and

d. the options available to the Transitioning Household under these Transition Rules and Regulations.

D. Selection of a Transition Benefit

After receipt of the Second Notice to Move, each Transitioning Household will be required to make certain decisions about Transition Benefits.

1. Transition Benefit Options for Long-Term Moves. For Long-Term Moves, the Second Notice to Move will offer each Transitioning Household a choice of:

a. the Transition Unit Option to move into a Transition Unit in a specifically identified new building on TI, with the number of bedrooms, initial rent, and long-term rent protection as described in **Article V** (Description of Transition Unit Option);

b. the In-Lieu Payment Option to receive an In-Lieu Payment, calculated in accordance with **Article VI** (Description of In-Lieu Payment Option); or

c. the Unit Purchase Assistance Option to receive Down Payment Assistance calculated in accordance with **Article VII** (Description Unit Purchase Assistance Option), but only if new for-sale units are then available for purchase and the Transitioning Household can demonstrate that it can close escrow on the purchase of and move into a new Dwelling on NSTI before the Move Date.

2. Options for Interim Moves. For Interim Moves, the Second Notice to Move will offer each Transitioning Household a choice of the following options:

a. the right to occupy an Existing Unit on Treasure Island with the number of bedrooms and initial rent calculated in accordance with **Article IV** (Interim Moves); or

b. the option to receive an In-Lieu Payment in accordance with **Article VI** (In-Lieu Payment Option).

3. Written Notice to TIDA of Selection. For both Long-Term Moves and Interim Moves, the Transitioning Household's selection may be made by delivering written notice to TIDA, signed by each adult member of the Transitioning Household at any time up to 45 days before the Move Date.

4. Transitioning Household Entitled to Single Transition Benefit. Each Transitioning Household receiving a Long Term Move Notice is entitled to only one of the Transition Benefits described in **Article V** (Transition Unit Option), **Article VI** (In-Lieu Payment Option), and **Article VII** (Unit Purchase Assistance Option). As a condition to receipt of the selected Transition Benefit, each member of the Transitioning Household will be required to waive all other Transition Benefits under these Transition Housing Rules and Regulations.

E. Complete the Move

1. Eligibility for Moving Assistance. Moving assistance to cover the costs of moving the Household will be provided to every Transitioning Household that makes an Interim Move from an Existing Unit on NSTI to another Existing Unit on TI and/or a Long-Term Move from an Existing Unit on NSTI to a Transition Unit. Moving assistance is not provided to: (a) Transitioning Households that receive the In-Lieu Payment Option or Down Payment Assistance; (b) Post-DDA Tenants; (c) Persons in Unlawful Occupancy of their Existing Unit; or (d) other Persons ineligible for Transition Benefits.

2. Actual Costs. A Transitioning Household will be compensated for Actual Reasonable Moving Expenses incurred in moving the Household for an Interim Move to an

Existing Unit or a Long-Term Move to a Transition Unit. Costs that may be included in a claim for Actual Reasonable Moving Expenses are listed in **Article VIII.B** (Moving Assistance).

3. Moving Allowance Alternative. A Transitioning Household that is eligible to be reimbursed for Actual Reasonable Moving Expenses may elect instead to receive a Moving Expense Allowance that will be determined according to a schedule established by TIDA, based on a moving expense allowance determined in accordance with established federal Highway Administration schedules maintained by the California Department of Transportation. The current schedule is shown in **Appendix 3**.

F. Early Transition Benefits

1. Limited Circumstances. Under certain circumstances, Transitioning Households may be eligible to receive certain Transition Benefits before receipt of a Notice to Move.

a. The In-Lieu Payment Option may be available earlier, if, and only if, TIDA provides written notice to Transitioning Households offering an early opportunity to receive an In-Lieu Payment, which may be conditioned on the Household moving out of its Existing Unit by a specified date ("**Notice of Early In-Lieu Payment Option**").

b. The Unit Purchase Assistance Option is available at any time a Transitioning Household completes the purchase of a new Dwelling on NSTI, unless the Transitioning Household has previously lost its status as a Transitioning Household by accepting an In-Lieu Payment or moving into a Transition Unit.

IV. INTERIM MOVES

A. Required Interim Moves

Some Transitioning Households will be required to make an Interim Move from one Existing Unit to another Existing Unit on TI.

An Interim Move will be required for those Transitioning Households that reside in areas proposed for redevelopment in an early phase of development. Although not currently anticipated, Interim Moves also may be required in later phases of development. Transitioning Households required to make an Interim Move will receive a First Notice to Move not less than 90 days before the Move Date and a Second Notice to Move not less than 60 days before the Move Date.

B. Benefits for Interim Moves

Transitioning Households required to make an Interim Move may elect to move to an Existing Unit on TI under the following terms:

1. Size. The offered Dwelling will have at least the same number of bedrooms as the Existing Unit unless the Transitioning Household elects to move to a smaller unit. The

Transitioning Household may be offered a Dwelling that has a greater number of bedrooms if the available Dwellings with the same number of bedrooms as the Existing Unit will result in a reduction in total square footage from the Existing Unit by 10% or more.

2. Rent. The initial monthly rent for Transitioning Households making an Interim Move to an Existing Unit on TI will be determined as set forth below. In each case, the initial monthly rent will be subject to annual increases calculated by the Rent Board Adjustment.

a. If the offered Dwelling has the same or a greater number of bedrooms as the Existing Unit, the initial monthly rent for the offered Dwelling will be the lesser of: (a) the rent the Transitioning Household is paying for its Existing Unit on the date of the First Notice to Move; or (b) the market rent that TIDA would otherwise charge for the offered Dwelling on the date of the First Notice to Move.

b. If Transitioning Household has elected to move to an offered Dwelling with fewer bedrooms than its Existing Unit, the initial monthly rent on the offered Dwelling will be the lesser of: (a) the monthly rent for the Existing Unit on the date of the First Notice to Move, reduced by 10% for each reduction in bedroom count, or (b) the market rent that TIDA would otherwise charge for the offered Dwelling on the date of the First Notice to Move. For example, if a Transitioning Household occupies an Existing Unit with four bedrooms on the DDA Effective Date, but elects in an Interim Move to move into an offered Dwelling with two bedrooms, the initial monthly rent under (a) would be 80% of the monthly rent on the Existing Unit on the date of the First Notice to Move.

3. Unit Selection. The Notice to Move for an Interim Move will provide information on the process for Transitioning Households electing to move to an Existing Unit on TI to select a Dwelling.

4. Status as Transitioning Household. The Transitioning Household will retain its status as a Transitioning Household following an Interim Move, and will continue to be eligible for Transition Benefits as long as the Household continues to meet the eligibility requirements stated in **Section II.A.1.d** (Determination of Household Eligibility for Transition Benefits).

C. Option to Elect In-Lieu Payment

Instead of making an Interim Move, Transitioning Households may elect the In-Lieu Payment Option in accordance with **Article VI** (Description of In-Lieu Payment Option).

V. DESCRIPTION OF TRANSITION UNIT OPTION

A. Transition Unit Option

1. Time of Option. The Transition Unit Option is available for Transitioning Households only after TIDA delivers a Notice to Move for a Long-Term Move.

2. Benefits. Transitioning Households will have the opportunity to rent a newly-constructed Transition Unit on Treasure Island. Transitioning Households that elect to move into the offered Transition Unit will be eligible for Actual Reasonable Moving Expenses or a Moving Expense Allowance.

3. Designated Unit. TIDA will designate at least one Transition Unit for each Transitioning Household selecting the Transition Unit Option.

4. Loss of Status. A Transition Unit will be offered to each Transitioning Household unless it has lost its status as a Transitioning Household by its prior receipt of Transition Benefits for a Long-Term Move or it no longer meets the eligibility requirements stated in **Section II.A** (Determination of Household Eligibility for Transition Benefits).

5. Leases for Income-Restricted Units. Leases for Households with Section 8 vouchers, Tax Credit Eligible Households and others occupying Transition Units assisted with state, federal, or local housing funds will be subject to applicable regulations and requirements of such funding programs.

6. Loss of Option. TIDA's obligation to provide a Transitioning Household selecting the Transition Unit Option with a Transition Unit will be deemed to be satisfied if the Transitioning Household is offered and refuses to accept the Transition Unit offered.

B. Standards Applicable to Transition Units

1. Size. Except as provided below, a Transition Unit offered to a Transitioning Household under the Transition Unit Option must contain the same number of bedrooms as in the Existing Unit. Exceptions include:

a. Program regulations of certain government housing programs (e.g. tenant-based Section 8) may limit the number of bedrooms that participating Transitioning Households can be offered.

b. In determining the size of a Transition Unit, Post-DDA Tenants, Persons in Unlawful Occupancy and other Persons ineligible for Transition Benefits are excluded as Persons in the Transitioning Household, but Post-DDA Tenants will be allowed to move into a Transitioning Household's Transition Unit.

c. If the Transitioning Household is smaller when it moves into the Transition Unit than it was when its eligibility was established, TIDA will offer a Transition Unit with one bedroom per Person remaining in the Transitioning Household up to a maximum of four bedrooms.

2. Decent, Safe and Sanitary. The Dwelling must be "**Decent, Safe and Sanitary**," which means it:

a. conforms with all applicable provisions for existing structures that have been constructed under state or local building, plumbing, electrical, housing and occupancy codes, and similar ordinances or regulations;

b. has a continuing and adequate supply of potable water;

c. has a kitchen or an area set aside for kitchen use that: (i) contains a sink in good working condition connected to hot and cold water and to an adequate sewage system; and (ii) has utility service connections and adequate space for the installation of a stove and a refrigerator;

d. has an adequate heating system in good working order that will maintain a minimum temperature of 70 degrees in all habitable rooms, and all rooms must be adequately ventilated;

e. has a bathroom, well lit and ventilated and affording privacy to a person within it, containing a lavatory basin and a bathtub or stall shower, properly connected to an adequate supply of hot and cold running water, and a flush closet, all in good working order and properly connected to a sewage disposal system;

f. has an adequate and safe wiring system for lighting and other electrical services;

g. is structurally sound, weather tight, in good repair, and adequately maintained;

h. has a safe unobstructed means of egress leading to safe open space at ground level that conforms to building and fire codes;

i. has at least one room that has not less than 150 square feet of floor area, and other habitable rooms, except kitchens, that have an area of not less than 70 square feet;

j. has sleeping room(s) that include at least 70 square feet of habitable floor space for the first occupant and 50 square feet of habitable floor space for each additional occupant; and

k. is available to the Transitioning Household regardless of race, color, sex, marital status, religion, or national origin in a manner consistent with Title VIII of the Civil Rights Act of 1968 and any other applicable local, state, or federal nondiscrimination laws.

C. **Required Information for Option**

1. Relevant Household Information. Transitioning Households must provide all of the following information to receive the Transition Unit Option:

a. Household Income;

b. Household composition and size, including: (i) the full names of all Household members and relationship of Household members to each other; (ii) age and number of any children and elderly members of the Household; (ii) whether any members of the Transitioning Household are disabled; (iii) whether any members of the Transitioning Household are Adult Students; and (iv) special needs (social and public services, special schools, and other services, need for in-home care); and

2. Time to Provide Information. To the extent all required information is not provided at the interview, Transitioning Households wishing to obtain Transition Benefits will have 30 days after the interview to provide all required information to TIDA.

D. Calculation of Household Income

A Transitioning Household's annual Household Income will be determined using the current Tenant Income Certification Form (see **Appendix 1**).

Households will be required to verify Household Income with third-party documentation such as W-2 forms, pay check stubs, tax returns or other forms of verification. Monthly Household Income will be determined based on the most recent 12 month period preceding the First Notice to Move.

E. Calculation of Base Monthly Rental Cost

The Transitioning Household will be offered a Transition Unit at an initial rent not exceeding the Base Monthly Rental Cost as determined below:

1. Adjustments for Changes in Bedroom Count. If the size of the Transitioning Household changed after the Effective Date, and the Transition Unit contains fewer bedrooms than the Household's Existing Unit as provided in **Section V.B(1)(c)** (Standards Applicable to Transition Units), for purposes of determining the Base Monthly Rental Cost the monthly rent for the Existing Unit will "**Adjusted for Changes in Bedroom Count**," according to the following calculation: (a) calculate the Existing Unit's monthly rent by adding any annual Rent Board Adjustments to the rent for the Existing Unit on the DDA Effective Date; (b) multiply (a) by the product of 10% times the reduction in bedroom count and (c) deduct the applicable Utility Adjustment. For example, if a Transitioning Household originally rented an Existing Unit with four bedrooms but due to changes in the Transitioning Household's size received a unit with two bedrooms, the monthly rent would be reduced by 20% and adjusted for the applicable Utility Allowance based on the new unit bedroom count.

2. Households Participating in Governmental Housing Programs

a. Tax Credit Eligible Households: Base Monthly Rental Cost for Tax Credit Eligible Households will be the lesser of: (i) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count (as defined below), if applicable, less Utility Adjustment; (ii) 30% of the Transitioning Household's Average Monthly Income; or (iii) the maximum allowable rent under applicable tax credit regulations less Utility Adjustment. Tax Credit Eligible Households will be offered a

Transition Unit in housing financed with low income housing tax credits and may be required to certify Household Income annually while occupying the rent-restricted unit.

b. Households with Section 8 Vouchers: Base Monthly Rental Cost for Households with Section 8 vouchers will be the fair market rent for a Dwelling for the Household size under Section 8 program regulations, less Utility Adjustments.

3. Low Income Household (defined in Calif. Health & Safety Code § 50079.5): Base Monthly Rental Cost for Low Income Households that do not include Adult Students will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less Utility Adjustment; or (b) the maximum rent for a Low Income Household allowed by Health and Safety Code § 50053, less Utility Adjustment.

4. Moderate Income Household (defined in Calif. Health & Safety Code § 50079.5): Base Monthly Rental Cost for Moderate Income Households that do not include Adult Students will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less Utility Adjustment; or (b) the maximum rent for a Moderate Income Household allowed by Health and Safety Code § 50053, less Utility Adjustment.

5. All Other Transitioning Households: Base Monthly Rental Costs for all other Households, consisting of: (i) Transitioning Households that are not Tax Credit Eligible Households, Households with Section 8 vouchers, Low Income Households, or Moderate Income Households; (ii) Transitioning Households that include an Adult Student; and (iii) Transitioning Households that do not provide the required Household information within 30 days after their interview under **Section III.B** (Interview Household and Offer Advisory Services) will be the lesser of: (a) the Existing Unit's monthly rent on the DDA Effective Date, plus annual Rent Board Adjustments, then Adjusted for Changes in the Bedroom Count, if applicable, less the Utility Adjustment; or (b) the market rent that would otherwise be charged for the Transition Unit.

F. Lease Terms for Transition Unit; Occupancy Verification

1. Lease Terms. The following will apply to each Transitioning Household accepting a Transition Unit, except for Tax Credit Eligible Households and Households with Section 8 vouchers (whose leases will comply with applicable federal regulations):

a. The Transitioning Household will enter into a lease containing the following key terms: (i) an initial period of 12 months, with automatic renewal on a month-to-month basis; (ii) a limitation on annual rent increases to the Rent Board Adjustment; (iii) a statement that the Transitioning Household may remain in the Transition Unit as long as the Household remains in Good Standing under its lease, and a description of the events that will cause the Household to be in default of its lease; and (iv) a prohibition against subleasing.

b. Each lease for a Transition Unit will require the Transitioning Household to: (i) identify each occupant of the Household by name; (ii) acknowledge that subleasing is not permitted and that subleasing will be a default under the lease; (iii) acknowledge that at least one member of the Transitioning Household must maintain the Transition Unit as his or her primary Dwelling; (iv) cooperate fully with any subsequent occupancy verification; and (v) comply with all other terms of the lease.

2. Right to Verify Occupancy by Transitioning Household. TIDA, or any subsequent owner or property management company for the Transition Unit, will have the right to verify occupancy of the Transition Unit at any time. If a Transitioning Household does not cooperate with an occupancy verification request or any member of the Household is discovered to have provided knowingly false responses: (a) the entire Transitioning Household will lose the right to continue to rent at the Base Monthly Rental Cost; (b) rent will be increased to the then-current market rate; and (c) future rent increases will not be limited to the Rent Board Adjustment. In addition, TIDA, or any subsequent owner or property management company for the Transition Unit will have the right to charge and collect the additional rent it would have charged, had the rents not been reduced under these Transition Rules and Regulations.

3. Termination of Lease for Transition Unit. If the Transition Unit is no longer occupied by any members of the Transitioning Household, the Transitioning Household's lease for the Transition Unit will terminate.

VI. DESCRIPTION OF IN-LIEU PAYMENT OPTION

A. In-Lieu Payment Option

1. Time. A Transitioning Household may elect to receive an In-Lieu Payment in response to a written offer from TIDA. TIDA currently anticipates offering the In-Lieu Payment Option at the following times:

a. when TIDA delivers a Notice to Move for an Interim Move to a Transitioning Household;

b. when TIDA delivers a Notice of Early In-Lieu Payment Option, currently anticipated to occur during a specified period between TIDA's approvals of Major Phase 2 and Major Phase 4; and

c. when TIDA delivers a Notice to Move for a Long-Term Move to a Transitioning Household.

2. Calculation of Payment. The amount of the In-Lieu Payment will be calculated using the schedule for Relocation Payments for No Fault Evictions published and updated annually by the San Francisco Rent Board (as of the date of the calculation, the "**Rent Board Schedule**"). The 2010 In-Lieu Payment Schedule, based on the 2010 Rent Board Schedule, adjusted for up to four adults, is attached as **Appendix 2**. The Transitioning Household's In-Lieu Payment will be the product of the payment per adult tenant in the Rent

Board Schedule times the number of adults in the Transitioning Household, up to a maximum of four, plus any of the following applicable adjustments:

a. if the Transitioning Household includes elderly or disabled Persons, the product of the payment per elderly or disabled Person under the Rent Board Schedule times the number of elderly or disabled persons in the Transitioning Household; and

b. if the Transitioning Household includes any minor children, an additional lump sum equal to the payment for minors under the Rent Board Schedule.

c. In determining the number of adults in a Transitioning Household, Post-DDA Tenants and, Persons in Unlawful Occupancy and other Persons ineligible for Transition Benefits are excluded as Persons in the Transitioning Household.

3. Effect of Election. Transitioning Households that elect to receive the In-Lieu Payment:

a. will no longer be eligible for the Transition Unit Option or the Unit Purchase Assistance Option

b. will not receive moving assistance;

c. will be required to vacate their Existing Units by the date specified in the Notice to Move or Notice of Early In-Lieu Payment Option to receive the In-Lieu Payment; and

d. upon written request to TIDA, will be placed on the Premarketing Notice List if not already listed.

VII. DESCRIPTION OF UNIT PURCHASE ASSISTANCE OPTION

Transitioning Households that elect to receive the Unit Purchase Assistance Option will be entitled to Down Payment Assistance.

A. Down Payment Assistance

1. Amount of Payment. A Transitioning Household electing the Unit Purchase Assistance Option will receive "**Down Payment Assistance**" described in this Section. The amount of Down Payment Assistance will be equal to the amount the Transitioning Household would have received had it chosen an In-Lieu Payment, based on the Rent Board Schedule and the number of eligible members in the Transitioning Household, up to four Persons, when the Household enters into the purchase contract for the new Dwelling on NSTI.

2. Conditions to Payment. A Transitioning Household electing to purchase a new Dwelling on NSTI will receive Down Payment Assistance only if: (a) the Household meets all applicable eligibility criteria to purchase the new Dwelling; (b) its purchase offer for the new

Dwelling is accepted; and (c) the purchase closes escrow. No Household is guaranteed that its offer to purchase a new Dwelling on NSTI will be accepted, and the purchased Dwelling need not be similar in size, bedroom count, and amenities to the Existing Unit previously occupied by the Household.

3. Escrow and Closing. Down Payment Assistance will be paid at closing into escrow. TIDA will verify the Transitioning Household's eligibility for and amount of the Down Payment Assistance to lenders and sellers of Dwellings during escrow upon request. If escrow does not close, the escrow officer will be instructed to return any Down Payment Assistance funds on deposit to TIDA.

4. Termination of Status. A Transitioning Household that elects to receive the Down Payment Assistance and closes its purchase on a new for-sale Dwelling on NSTI:

a. will no longer be eligible for the Transition Unit Option or the In-Lieu Payment Option

b. will not receive moving assistance;

c. will be required to vacate its Existing Unit by the date specified in the Notice to Move; and

d. will be removed from the Premarketing Notice List.

VIII. ADDITIONAL ASSISTANCE

A. Premarketing Assistance

1. Definitions. The following definitions will apply to the Assistance described in this **Section VIII.A** (Premarketing Assistance):

a. "**Post-Transition Household**" means a Transitioning Household that previously received an In-Lieu Payment.

b. "**Post-Transition Tenant**" means a Person who was a member of a Transitioning Household that previously received an In-Lieu Payment.

c. "**Premarketing Notice List**" means that email contact list that TIDA will maintain to provide notice of a Premarketing Window.

d. "**Premarketing Window**" means a specific and limited time period of no less than 30 days before the Dwellings in each new for-sale housing development on NSTI are offered for sale to the general public.

e. "**Sunset Date**" means the date that is seven years after the date that a Transitioning Household or a Post-Transition Tenant is placed on the Premarketing Notice List.

2. Early Notice. Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List will have the opportunity to make purchase offers on Dwellings in each new for-sale housing development on NSTI during the Premarketing Window.

a. If the purchase offer of a Transitioning Household that is not a Post-Transition Household is accepted: (i) the Transitioning Household also may select the Unit Purchase Assistance Option to receive Down Payment Assistance under **Section VII.A** (Down Payment Assistance); and (ii) TIDA will remove the Transitioning Household from the Premarketing Notice List after close of escrow. Post-Transition Households are not eligible for Down Payment Assistance.

b. If the purchase offer of a Post-Transition Tenant or Post Transition Household is accepted and escrow closes, TIDA will: (i) remove the Post-Transition Tenant or Post Transition Household from the Premarketing Notice List; and (ii) have no further obligation to the Post-Transition Tenant or Post Transition Household under these Transition Housing Rules and Regulations. Post-Transition Tenants are not eligible for Down Payment Assistance.

c. A Transitioning Household whose purchase offer is not accepted may stay on the Premarketing Notice List for subsequent notices of Premarketing Windows until the earliest of: (i) the date escrow closes on a subsequent purchase offer; (ii) the date the Transitioning Household moves into a Transition Unit; or (iii) the Sunset Date.

d. Post-Transition Households and Post-Transition Tenants whose purchase offers are not accepted may stay on the Premarketing Notice List for subsequent notices of Premarketing Windows until the earlier of: (i) the date escrow closes on a subsequent purchase offer; or (ii) the Sunset Date.

3. Notice List.

a. Each Transitioning Household and Post-Transition Household must: (i) provide TIDA with the names of Household members, the designated Household contact's name, and an email address for notices; and (ii) notify TIDA of any changes to Household information to remain on the Premarketing Notice List.

b. Each Post-Transition Tenant must: (i) provide TIDA with an email address for notices; and (ii) notify TIDA of any changes in the email notice address to remain on the Premarketing Notice List.

c. TIDA will have no obligation to: (i) verify that email notices that are sent are actually delivered; or (ii) update contact information of Transitioning Households, Post-Transition Households, or Post-Transition Tenants that do not notify TIDA that their email addresses have changed. TIDA will remove Transitioning Households, Post-Transition Households, and Post-Transition Tenants from the Premarketing Notice List on their respective Sunset Dates if they are then still on the list.

4. Required Acknowledgement. Before TIDA is obligated to add contact information to the Premarketing Notice List, each member of a Transitioning Household, Post Transition Household and Post-Transition Tenants will be required to sign an acknowledgment that neither TIDA nor any for-sale housing developer will be responsible for: (a) ensuring that the contact email address provided is current; (b) any inadvertent omission from the Premarketing Notice List, as long as the housing opportunity is marketed generally in the San Francisco area; or (c) guaranteeing that a Transitioning Household or a Post-Transition Tenant will qualify to purchase a new Dwelling.

5. Developer Notice Requirements. For-sale housing developers will be required to provide TIDA with advance notice of the Premarketing Window for each new for-sale housing development on NSTI, stating: (a) the start and end dates of the Premarketing Window; (ii) for each available Dwelling, the unit address, number of bedrooms, and initial offered price; (iii) the date(s) on which interested Transitioning Households, Post-Transition Households, and Post-Transition Tenants may tour the available Dwellings; and (iv) contact information for an authorized representative of the housing developer who can answer questions about the available Dwelling(s). TIDA will send email notices to all Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List before the Premarketing Window begins.

6. No Preferential Treatment. Transitioning Households, Post-Transition Households, and Post-Transition Tenants on the Premarketing Notice List will be offered the same purchase terms for the for-sale units as those offered to the general public.

a. Inclusionary units will be offered at a specified below-market-rate price to Transitioning Households, Post-Transition Households, and Post-Transition Tenants that meet all qualifying income and occupancy criteria for that Dwelling.

b. The purchase price of all other for-sale Dwellings will be the market-rate price.

c. Transitioning Households, Post-Transition Households, and Post-Transition Tenants will be required to qualify to purchase any Dwellings offered for sale during the Premarketing Window in the same manner as other members of the general public.

d. The Premarketing Window does not guarantee that a Transitioning Household, Post-Transition Household, or Post-Transition Tenant will qualify for the purchase or that its purchase offer will be accepted.

B. Moving Assistance

1. Covered Moving Expenses. All Transitioning Households that make Interim Moves and that select the Transition Unit Option for a Long-Term Move will receive either Actual Reasonable Moving Expenses or a Moving Expense Allowance. Actual Reasonable Moving Expenses will include:

a. transportation of persons and property upon NSTI;

b. packing, crating, unpacking, and uncrating Personal Property;

c. insurance covering Personal Property while in transit;

d. connection charges imposed by public utilities for starting utility service;

e. the reasonable replacement value of Personal Property lost, stolen, or damaged (unless caused by the Transitioning Household or its agent) in the process of moving, where insurance covering such loss, theft, or damage is not reasonably available; and

f. the removal of barriers to the disabled and installations in and modifications to a disabled Person's new Dwelling as needed to accommodate special needs.

2. Allowance Alternative. A Transitioning Household electing a self-move for an Interim Move or a Long-Term Move into a Transition Unit will be paid according to the Moving Allowance Schedule in **Appendix 3** promptly after filing a claim form provided by TIDA and vacating the Existing Unit, unless the Household seeks and is granted an advance payment to avoid hardship.

3. Advance Payment to Avoid Hardship. A Transitioning Household may be paid for anticipated moving expenses in advance of the actual move. TIDA will make an advance payment whenever the Household files a claim form provided by TIDA supported by documents and other evidence that later payment would result in financial hardship. Particular consideration will be given to the financial limitations and difficulties experienced by low and moderate income residents.

4. Moving Expense Claims. A claim for payment of Actual Reasonable Moving Expenses must be supported by a bill or other evidence of expenses incurred.

a. Each claim greater than $1,000 for the moving costs incurred by a Transitioning Household hiring a moving company must be supported by at least 2 competitive bids. If TIDA determines that compliance with the bid requirement is impractical, or if the claimant obtains estimates of less $1,000, a claim may be supported by estimates instead. TIDA may make payment directly to the moving company.

b. A Transitioning Household's Actual Reasonable Moving Expenses will be exempt from regulation by the State Public Utilities Commission. TIDA may effect the moves by directly soliciting competitive bids from qualified bidders for performance of the work. Bids submitted in response to such solicitations will be exempt from regulation by the State Public Utilities Commission.

IX. IMPLEMENTATION OF TRANSITION HOUSING RULES AND REGULATIONS

A. Administration

1. Information Program. TIDA will maintain an information program using meetings, newsletters, and other mechanisms, including local media, to keep Villages residents informed on a continuing basis about: (a) TIDA's transition housing program and other information about the redevelopment process; (b) the timing and scope of any anticipated Interim Moves; (c) the timing and scope of anticipated Long-Term Moves, (c) procedures for implementing and making claims under these Transition Rules and Regulations; and (d) other information relevant to these Transition Rules and Regulations.

2. Nondiscrimination. TIDA will administer these Transition Housing Rules and Regulations in a manner that will not result in different or separate treatment on account of race, color, religion, national origin, sex, sexual orientation, marital status, familial status, or any basis protected by local, state, or federal nondiscrimination laws.

3. Site Office. TIDA may establish a site office that is accessible to all Households to provide advisory assistance described in **Section III.B** (Interview Households and Offer Advisory Services). If TIDA establishes a site office, it will be staffed with trained and experienced personnel, who may be third-party housing specialists.

4. Amendments. These Transition Rules and Regulations may be amended by TIDA from time to time by a resolution of the TIDA Board adopting an amendment at a duly noticed public meeting.

B. Household Records

1. Contents. TIDA will maintain records for each Household containing information obtained during interviews, documents submitted by residents, and existing files of its property manager. The records will contain a description of the pertinent characteristics of the Persons in the Household, the assistance determined to be necessary, and the Household's decisions on Transition Benefits. Members of a Transitioning Household will have the right to inspect their own Transitioning Household records to the extent and in the manner provided by law.

2. Confidentiality. Household income information is confidential and will only be used for its intended purpose. Confidential information will not be disclosed to third parties outside of the Household unless all members of the Household provide their written consent to disclosure or a valid court order requires disclosure.

3. Publication of Aggregate Resident Data. TIDA will have the right to publish aggregate data about the resident population on NSTI, including information that is segmented according to aggregate Villages resident data and aggregate TIHDI resident data.

X. CLAIM AND PAYMENT PROCEDURES; TERMINATION OF TRANSITION HOUSING ASSISTANCE

A. Filing Claims; Tax Forms

1. Written Claims Required. TIDA will provide claim forms for payment under these Transition Rules and Regulations. All claims for In-Lieu Payments and Down Payment Assistance must be submitted to TIDA with the Household's notice of election of that specific Transition Benefit. All claims for moving expense payments must be submitted to TIDA within six months after the date on which the claimant makes an Interim Move or moves into a Transition Unit.

2. Tax Forms. TIDA: (a) makes no representations about the tax treatment of any payments or benefits of monetary value any Person receives under these Transition Housing Rules and Regulations; (b) will require all Persons who receive an In-Lieu Payment, Down Payment Assistance, moving assistance, or any other payment under these Transition Housing Rules and Regulations to provide TIDA with valid Social Security numbers for all recipients; and (c) will file W-9 forms for all payments and benefits of monetary value made or provided to any Person under these Transition Housing Rules and Regulations.

B. Treatment of Dependents

1. Allocation of Transition Benefits. The following will apply to any Person who derives 51% or more of his or her income from one or more Persons within the same Transitioning Household in an Existing Unit (the "**Supporting Household**") or otherwise meets his or her living expenses primarily through the monetary support of the Supporting Household (a "**Dependent**").

a. A Dependent who lives with the Transitioning Household will not be entitled to any Transition Benefit except as a part of the Household, and will be counted as a member of the Transitioning Household for determining Household size.

b. If the Dependent's primary Dwelling, as determined by voter registration, driver's license, or other forms of verification, is different from that of the Supporting Household when the Supporting Household selects and receives a Transition Benefit, the Dependent will not be counted as part of the Transitioning Household when determining: (i) the size of a Transition Unit; (ii) the amount of an In-Lieu Payment; or (iii) the amount of Down Payment Assistance.

2. Documentation of Dependent Status. Any Transitioning Household claiming a Dependent must provide third-party documentation that it is a Supporting Household. TIDA will have the right to require that the Supporting Household and Dependent, if applicable, provide copies of tax returns filed for tax years preceding the claim.

C. Adjustments for Multiple Claims; Nontransferability

1. Multiple Claimants. The amount of an In-Lieu Payment, Down Payment Assistance, or Moving Expense Allowance will be determined based on the total number of eligible members in the Transitioning Household. All adult members of a Household must sign the claim form and any other required documents as a condition to TIDA's obligation to pay Transition Benefits and moving assistance.

2. Multiple Claims. A single claim form for each payment claim by a Transitioning Household is preferred, but not required. Unless otherwise specified in a claim form, TIDA will issue separate checks to each adult in the Transitioning Household in equal shares, adjusted for Dependents and elderly or disabled members of the Household. If two or more eligible Persons in a single Transitioning Household submit more than one claim for any payment under these Transition Rules and Regulations, which in the aggregate exceed the payment limits to be made to the entire Transitioning Household, TIDA will pay each eligible claimant an equal share of the payment, up to the aggregate amount of the payment limits. As provided in **Section VII.A** (Down Payment Assistance), Transitioning Households that choose Down Payment Assistance will not receive direct payment; TIDA will deposit the entire amount of any Down Payment Assistance directly into escrow.

3. Nontransferability. The right to Transition Benefits and other assistance under these Transition Housing Rules and Regulations is personal to each member of a Transitioning Household and is not a property right. Therefore, a Transitioning Household's member's right to Transition Benefits and other assistance cannot be transferred by contract, inheritance, or any other means.

D. Termination of TIDA's Obligations

1. Termination of Right to Transition Benefits. TIDA's obligation to provide Transition Benefits to a Transitioning Household under these Transition Housing Rules and Regulations will terminate under the following circumstances:

a. The Transitioning Household moves off NSTI before receiving a Long-Term Notice to Move or a Notice of Early In-Lieu Payment Option.

b. The Transitioning Household moves to a Transition Unit and receives all moving assistance to which it is entitled.

c. The Transitioning Household moves off-NSTI after receiving a Notice to Move or a Notice of Early In-Lieu Payment Option and receives an In-Lieu Payment.

d. The Transitioning Household moves from an Existing Unit to a new for-sale Dwelling on NSTI and receives Down Payment Assistance.

e. The Transitioning Household refuses reasonable offers of assistance, payments, and a Transition Unit after receiving a Notice to Move.

f. TIDA determines a Household is not or has ceased to be a Transitioning Household or is otherwise not entitled to Transition Benefits.

2. Acknowledgement of Change in Status upon Receipt of Benefits. Each member of a Transitioning Household that receives Transition Benefits will be required to acknowledge in writing that he or she has received or is about to receive the Transition Benefits, and, upon receipt, the Household will cease to be a Transitioning Household entitled to any Transition Benefits, other assistance, and advisory services under these Transition Housing Rules and Regulations.

3. Records as Evidence. TIDA will be entitled to rely on and use its written offers of Transition Benefits to a Transitioning Household that refuses them, and all other information in the Transitioning Household's records, as evidence in any grievance proceeding or lawsuit.

4. Notice of Status. Except for a change in status after the Transitioning Household receives a Transition Benefit, TIDA will provide written notice of any determination that a Household is not or has ceased to be a Transitioning Household or is otherwise not entitled to Transition Benefits, delivered to the Transitioning Household's last known address.

5. Termination of Other Assistance. TIDA's obligations to provide moving assistance and to provide notices of Premarketing Windows will terminate as provided in **Article VIII** (Other Assistance).

XI. GRIEVANCE PROCEDURES

A. Administrative Remedies

1. Right to Appeal and Be Represented by Counsel. Any member of a Household, and any Household, that disagrees with a TIDA determination regarding eligibility for Transition Benefits, the proposed amount of payment, or the adequacy of the Transition Unit to which the Transitioning Household was referred may appeal the determination, but the Person or Household (individually, or as a Household, the "**Grievant**") must exhaust the prescribed administrative remedies before seeking judicial review. The Grievant will be entitled to be represented by an attorney at his or her, or the Household's, own expense at all stages of review under these Transition Housing Rules and Regulations.

2. Executive Director Review. The first step in administrative remedies available to a Grievant is the right to an appeal to the Executive Director of TIDA, as follows:

a. The Grievant must make a written request for review by the Executive Director no later than 12 months after the Grievant receives either a Long Term Notice to Move or an Interim Notice to Move. The Grievant's written request must state the basis for the claim and the relief sought.

b. The Grievant will be entitled to meet with the Executive Director and to present additional evidence and information that the Grievant has not presented previously through the interview process.

c. The Executive Director will make a determination based on the information the Grievant has provided to TIDA through the interview processes as well as any additional information presented by the Grievant.

d. The Executive Director must make a final determination in writing, stating the reasons for the determination within six weeks after conferring with the Grievant.

3. Hearing Before Relocation Appeals Board. If the Grievant is not satisfied with the Executive Director's determination, the second step in the administrative remedies available to a Grievant is an appeal to the Treasure Island Relocation Appeals Board (the "**RAB**"), which will be determined according the procedures below.

a. No later than 30 days after the TIDA Executive Director delivers his or her written determination under **Section XI.A.2** (Executive Director Review) to the Grievant, the Grievant must submit a written appeal to the RAB, with a copy to TIDA, stating the basis for his or her claim and the relief sought by the Grievant. If the Grievant wishes to submit information in addition to that previously provided to TIDA, the additional information must be submitted with the written appeal, and TIDA will have 30 days to provide a response to any new material.

b. The RAB will review and reconsider the Grievant's claim in light of: (i) all material upon which the Executive Director based his or her original determination, including these Transition Housing Rules and Regulations; (ii) the Grievant's written request for an appeal; (iii) any additional written or relevant documentary material submitted by the Grievant; (iv) any material submitted by TIDA in response to new information submitted by the Grievant with the appeal; and (v) any further information that the RAB, in its discretion, obtains by request to ensure fair and full review of the claim.

c. The RAB may choose to hold a hearing, and must hold a hearing if requested by the Grievant. All RAB hearings will be public meetings subject to state and local public meeting laws. The RAB's review will be limited to whether the Grievant is entitled to the claimed relief under these Transition Housing Rules and Regulations. Its determination must be based on the information presented during the appeal and these Transition Rules and Regulations. All members of the RAB shall be required to disclose in a public meeting any communications and contacts such member has had with the Grievant outside of the hearing. The RAB will not be authorized to make any monetary award (including attorneys' fees and costs of appeal) other than a payment authorized under these Transition Rules and Regulations.

d. The RAB must issue a written determination to the Grievant and TIDA no later than six weeks from receipt of the last material submitted by any party or the date of the hearing, whichever is later, stating: (i) the RAB's decision; (ii) the basis upon which the decision rests, including any pertinent explanation or rationale; and (iii) a statement that the Grievant may appeal the decision in accordance with the procedure set forth below.

e. The RAB may reject an appeal for untimeliness by a written statement to the Grievant.

4. Administrative Law Judge Review. The final step in administrative remedies available to a Grievant is an appeal to an administrative law judge ("**ALJ**") on the Rent Board staff who is assigned to hear appeals under these Transition Rules and Regulations, as follows:

a. No later than 30 days after the RAB delivers its written determination under **Section XI.A.3** (Hearing Before Relocation Appeals Board) to the Grievant, the Grievant must submit a written appeal to the ALJ, and deliver a copy of the appeal to TIDA at the same time, stating the basis for the claim and the relief sought.

b. TIDA will have 15 days after a signed appeal is filed with the ALJ to provide the ALJ with copies of information related to the Grievant's case, including all additional evidence or information submitted by the Grievant to the RAB and TIDA's records related to the Grievant.

c. The assigned ALJ may attempt to resolve the dispute without a hearing, but is not required to do so.

d. The ALJ will conduct a hearing unless the dispute has been resolved before the hearing date.

e. The ALJ must make a final determination in writing, stating the reasons for the determination, and deliver the determination to the Grievant, with a copy to TIDA at the same time. The ALJ determination must include a statement that the Grievant has exhausted administrative remedies under these Transition Rules and Regulations.

5. Right to Judicial Review. The Grievant may seek judicial review after the administrative remedies described above have been exhausted.

XII. PROPERTY MANAGEMENT PRACTICES

A. Eviction

1. Grounds for Eviction. In addition to all other grounds under the Residential Leases and California law, TIDA may initiate eviction proceedings to remove a Household from its Existing Unit:

a. after the date specified in a Notice to Move for an Interim Move or for a Long-Term Move has passed, and: (i) the Household is a Transitioning Household that has refused TIDA's offers of a Transition Benefit, including the right to relocate to a Transition Unit; or (ii) the Household is a Transitioning Household that has not vacated its Existing Unit after selecting and receiving a Transition Benefit; or (iii) the Household is a Post-DDA Household and has failed to vacate the Existing Unit after receipt of a Notice of Move.

b. after TIDA issues a notice to move due to: (i) a major disaster as defined in § 102(2) of the federal Disaster Relief Act of 1974; (ii) a state of emergency declared by the President of the United States or the Governor of the State of California; or (iii) any other emergency that requires the Household to move immediately from the Existing Unit because continued occupancy of the Existing Unit by the Household constitutes a substantial danger to the health or safety, or both, of the Household.

B. Post-DDA Tenants

1. Notice of Status. Before prospective Post-DDA Tenants move into any Existing Unit, TIDA will inform them:

a. that the Existing Unit will be available only for an interim period pending redevelopment of NSTI;

b. of the projected date that the Existing Unit is expected to be vacated and demolished for development, if known;

c. that, along with all other Villages residents, all Post-DDA Tenants will receive periodic notices from TIDA with updates about the progress of the project;

d. that TIDA will provide 90 days' notice of the date by which they must vacate their Existing Unit; and

e. that no Post-DDA Tenant is eligible for Transition Benefits under these Transition Rules and Regulations or relocation benefits under applicable relocation laws.

2. Advisory Services. Post-DDA Tenants are not eligible for Transition Benefits under these Transition Housing Rules and Regulations, unless an exception under **Section II.A.1** (Defined Terms for Determining Eligibility) applies, but are eligible for advisory services under **Section III.B** (Interview Households and Offer Advisory Services).

XIII. INTERPRETATION

A. Rules of Interpretation and Severability

1. The captions preceding the articles and sections of these Transition Housing Rules and Regulations and in the table of contents have been inserted for convenience of reference only and must be disregarded in interpreting these Transition Housing Rules and Regulations. Wherever reference is made to any provision, term, or matter in these Transition Housing Rules and Regulations, the term "in these Transition Housing Rules and Regulations " or "hereof" or words of similar import, the reference will be deemed to refer to any reasonably related provisions of these Transition Housing Rules and Regulations in the context of the reference, unless the reference refers solely to a specific numbered or lettered section, subdivision, or paragraph of these Transition Housing Rules and Regulations.

2. References to all laws, including specific statutes, relating to the rights and obligations of any person or entity mean the laws in effect on the effective date of these Transition Housing Rules and Regulations and as they are amended, replaced, supplemented, clarified, or superseded at any time while any obligations under these Transition Housing Rules and Regulations are outstanding, whether or not foreseen or contemplated.

3. The terms "include," "included," "including," and "such as" or words of similar import when following any general term, statement, or matter may not be construed to limit the term, statement, or matter to the specific items or matters, whether or not language of non-limitation is used, but will be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of the term, statement, or matter, and will be deemed to be followed by the phrase "without limitation" or "but not limited to."

4. Whenever required by the context, the singular includes the plural and vice versa, the masculine gender includes the feminine or neuter genders and vice versa, and defined terms encompass all correlating forms of the terms (e.g., the definition of "waive" applies to "waiver," waived," waiving").

5. The provisions of these Transition Housing Rules and Regulations are severable, and if any provision or its application to any person or circumstances is held invalid by a final order or judgment of a court with valid jurisdiction over the matter, the invalid provision will not affect the other provisions or the application of those Transition Housing Rules and Regulations that can be given effect without the invalid provision or application.

APPENDIX 1

Sample of Tenant Income Certification Form
(as published by the California Tax Credit Allocation Committee)

TENANT INCOME CERTIFICATION

☐ Initial Certification ☐ 1st Recertification ☐ Other _____

Effective Date: _____
Move-in Date: _____
(YYYY-MM-DD)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ BIN #: _____

Address: _____ Unit Number: _____ # Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION

☐ Vacant

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (YYYY/MM//DD)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	$	$	$	$

Add totals from (A) through (D), above TOTAL INCOME (E): $

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
		TOTALS:	$	$

Enter Column (H) Total If over $5000 $_____ X Passbook Rate 2.00% = (J) Imputed Income $

Enter the greater of the total of column I, or J: imputed income **TOTAL INCOME FROM ASSETS (K)** $

(L) Total Annual Household Income from all Sources [Add (E) + (K)] $

Effective Date of Move-in Income Certification: _____

Household Size at Move-in Certification: _____

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ _____ _____ _____
Signature *(Date)* Signature *(Date)*

_____ _____ _____ _____
Signature *(Date)* Signature *(Date)*

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1 $

Unit Meets Income Restriction at:
☐ 60% ☐ 50%
☐ 40% ☐ 30%
☐ ____%

Current Income Limit x 140%: $

Household Income exceeds 140% at recertification:
☐ Yes ☐ No

Current Income Limit per Family Size: $

Household Income at Move-in: $

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Rent $
Utility Allowance $

Rent Assistance: $
Other non-optional charges: $

GROSS RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges) $

Unit Meets Rent Restriction at:
☐ 60% ☐ 50% ☐ 40% ☐ 30% ☐ ____%

Maximum Rent Limit for this unit: $

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?
☐ yes ☐ no

If yes, Enter student explanation* (also attach documentation)
Enter 1-5

*Student Explanation:
1 AFDC / TANF Assistance
2 Job Training Program
3 Single Parent/Dependent Child
4 Married/Joint Return
5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐	b. HOME ☐	c. Tax Exempt ☐	d. AHDP ☐	e. _____ ☐ (Name of Program)
See Part V above.	*Income Status* ☐ ≤ 50% AMGI ☐ ≤ 60% AMGI ☐ ≤ 80% AMGI ☐ OI**	*Income Status* ☐ 50% AMGI ☐ 60% AMGI ☐ 80% AMGI ☐ OI**	*Income Status* ☐ 50% AMGI ☐ 80% AMGI ☐ OI**	*Income Status* ☐ _____ ☐ _____ ☐ OI**

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

_____ _____
SIGNATURE OF OWNER/REPRESENTATIVE DATE

PART IX. SUPPLEMENTAL INFORMATION FORM FOR NEW MOVE-IN'S

(Part IX. Form to be completed only at Initial Move-in)

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

TENANT DEMOGRAPHIC PROFILE						
HH Mbr #	Last Name	First Name	Middle Initial	Race	Ethnicity	Disabled (Y or N)
1						
2						
3						
4						
5						
6						
7						

The Following Race Codes should be used:

1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.

2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as "Haitian" or "Negro" apply to this category.

3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.

4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.

5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

***Note:** Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 41 – Asian & White, etc.*

The Following Ethnicity Codes should be used:

1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as "Latino" or "Spanish Origin" apply to this category.

2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

Disability Status:

Check "Y" if any member of the household is disabled according to Fair Housing Act definition for handicap (disability):

- A physical or mental impairment which substantially limits one or more major life activities: a record of such an impairment; or being regarded as having such an impairment. For a definition of "physical or mental impairment and other terms used, please see 24 CFR 100.201, available at http://www.fairhousing.com/index.cfm?method=page.display&pagename=regs_fhr_100=201.
- "Handicap" does not include current, illegal use of or addiction to a controlled substance.
- An individual shall not be considered to have a handicap solely because that individual is a transvestite.

☐ **Resident/Applicant:** I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____ _____ _____ _____ _____ _____ _____

(HH#) 1. 2. 3. 4. 5. 6. 7.

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

*Move-in Date	Enter the date the tenant has or will take occupancy of the unit. (YYYY-MM-DD)
*Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification. (YYYY-MM-DD)
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the address of the building.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
*Vacant Unit	Check if unit was vacant on December 31 of requesting year.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth, student status, and last four digits of social security number or alien registration number for each occupant. If tenant does not have a Social Security Number (SSN) or alien registration number, please enter the numerical birth month and last two digits of birth year (e.g. birthday January 1, 1970, enter "0170"). If tenant has no SSN number or date of birth, please enter the last 4 digits of the BIN.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than $5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K)	Enter the greater of the total in Column (I) or (J)
Row (L)	Total Annual Household Income From all Sources Add (E) and (K) and enter the total
*Effective Date of Income Certification	Enter the effective date of the income certification corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the effective date listed in Part I.
*Household Size at Certification	Enter the number of tenants corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the number of tenants listed in Part II.

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size.
Household income at move-in Household size at move-in	For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
Current Income Limit x 140%	For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. **140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc.** Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.
*Units Meets Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).

Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of non-optional charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

Part VII - Student Status

If all household members are full time* students, check "yes". If at least one household member is not a full time student, check "no".

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Full time is determined by the school the student attends.

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicting the household's designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, mark the appropriate box indicting the household's designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Tenant Demographic Profile	Complete for each member of the household, including minors, for move-in. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
Resident/Applicant Initials	All tenants who wish not to furnish supplemental information should initial this section. Parent/guardian may complete and initial for minor child(ren).

**Please note areas with asterisks are new or have been modified. Please ensure to note the changes or formats now being requested.*

APPENDIX 2

2011 In-Lieu Payment Schedule
Based on the 2010 San Francisco Rent Board Relocation Payments for No Fault Evictions
(Adjusted for maximum of four adults)

Date of Second Notice to Move	In-Lieu Payment Amount Due Per Tenant	Maximum In-Lieu Payment Amount Due Per Unit *(Maximum of 4 Adults)*	PLUS Additional Amount Due for Each Elderly (60 years or older) or Disabled Tenant or Household with Minor Child(ren)
3/01/11 – 2/29/12	$5,101.00	$20,404.00	$3,401.00

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APPENDIX 3

Sample Moving Expense Allowance Schedule
(as published by the California Department of Transportation)

Fixed Moving Schedule CALIFORNIA (Effective 2008)	
Occupant Owns Furniture:	
1 room	$625
2 rooms	$800
3 rooms	$1,000
4 rooms	$1,175
5 rooms	$1,425
6 rooms	$1,650
7 rooms	$1,900
8 rooms	$2,150
Each additional room	$225
Occupant does NOT Own Furniture:	
1 room	$400
Each additional room	$65

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APPENDIX 4

Definitions

The following terms used in these Transition Rules and Regulations are defined as follows:

"**Actual Reasonable Moving Expenses**" is defined in **Section VIII.E** (Moving Assistance).

"**Adjusted for Changes in Bedroom Count**" is defined in **Section V.E.1** (Adjustment for Changes in Bedroom Count).

"**adult**" means a Person 18 years old or older.

"**Adult Student**" means an adult who, during the previous 12 months, was enrolled in two or more courses concurrently at an accredited educational institution, unless the Person is: (1) receiving assistance under Title IV of the Social Security Act; (2) enrolled in a job-training program; or (3) in a Transitioning Household composed entirely of full-time Adult Students who are single parents and are not listed as Dependents on someone else's tax return or who are married and file a joint return.

"**ALJ**" is defined in **Section XI.A.4** (Administrative Law Judge Review).

"**Average Monthly Income**" when used in determining Base Monthly Rental Cost, means the Transitioning Household's Household Income divided by 12.

"**Base Monthly Rental Cost**" means the amount that a Transitioning Household will pay as its initial rent for a Transition Unit, calculated as explained in **Section V.E** (Calculation of Base Monthly Rental Cost).

"**Base Redevelopment Act**" is defined in **Section I.A** (Background).

"**BRAC**" is defined in **Section I.A** (Background).

"**CEQA**" is defined in **Section I.A** (Background).

"**City**" means the City and County of San Francisco, a municipal corporation organized and existing under the laws of the State of California, or, as the context requires, the area within the City's jurisdictional boundaries.

"**DDA**" is defined in **Section I.A** (Background).

"**DDA Effective Date**" is defined in **Section I.E** (Effective Date).

"**Decent, Safe, and Sanitary Housing**" means a Dwelling that meets the minimum requirements specified in **Section V.B** (Standards Applicable to Transition Units).

"**Dependent**" is defined in **Section X.B.1** (Treatment of Dependents).

"**Development Plan**" is defined in **Section I.A** (Background).

"**Down Payment Assistance**" means the Transition Benefit offered as part of the Unit Purchase Assistance Option, described in **Section VII.A** (Down Payment Assistance).

"**Dwelling**" means the primary Dwelling of a Household, including a single-family residence, a single-family residence in a two-family building, multi-family or multi-purpose building, or any other residence that either is considered to be real property under state law or cannot be moved without substantial damage or unreasonable cost.

"**elderly**" means a Person who is 60 years of age or older.

"**Existing Unit**" is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

"**First Notice to Move**" means a written notice to a Household, as described in **Section III.A** (First Notice to Move).

"**Good Standing**" is defined in **Section II.A.1** (Defined Terms for Determining Eligibility).

"**Grievant**" is defined in **Section XI.A** (Right to Appeal and Be Represented by Counsel).

"**Household**" is defined in **Section II.A.1** (Determination of Household Eligibility for Transition Benefits).

"**Household Income**" means the total annual income of a Household including the total annual income of all adults, determined according to the then-current Tenant Income Certification Form published by the Tax Credit Allocation Committee.

"**Households with Section 8 Vouchers**" means Transitioning Households that meet all of the criteria for occupying a Dwelling under Section 8 regulations and has been allocated a Section 8 Voucher..

"**HUD**" means the United States Department of Housing and Urban Development or any successor federal agency.

"**In-Lieu Payment**" means the Transition Benefit offered to Transitioning Households in the In-Lieu Payment Option, described in **Section VI.A** (In-Lieu Payment Option).

"**In-Lieu Payment Option**" means the Transition Benefit offered to Transitioning Households described in **Article VI** (Description of In-Lieu Payment Option).

"**Interim Move**" is defined in **Section I.D** (Overview and Program Framework).

"**Long-Term Move**" is defined in **Section I.D** (Overview and Program Framework).

"**Low Income Household**" means a Transitioning Household: (1) whose income does not exceed the qualifying limits for lower income Households as determined in accordance with Health and Safety Code Section 50079.5; and (2) that does not contain any Adult Students.

"**minor**" means a member of a Household who is under 18 years of age, excluding foster children, the head of Household, and a spouse of a member of the Household.

"**Moderate Income Household**" means a Household: (1) whose income exceeds the maximum income limitations for a Low Income Household, but does not exceed 120% of area median income as determined in accordance with Health and Safety Code Section 50093; and (2) that does not contain any Adult Students.

"**Move Date**" is defined in **Section III.C.1** (Second Notice to Move).

"**Moving Expense Allowance**" is defined in **Section III.E** (Complete the Move).

"**Notice of Early In-Lieu Payment Option**" is defined in **Section III.F** (Early Transition Benefits).

"**Notice to Move**" means a First Notice to Move or a Second Notice to Move, as appropriate in the context.

"**NSTI**" is defined in **Section I.A** (Background).

"**Person**" means an individual.

"**Personal Property**" means tangible property that is situated on real property vacated or to be vacated by a Transitioning Household and that is considered personal property under the state law, including fixtures, equipment, and other property that may be characterized as real property under state or local law, but that the tenant may lawfully and at his or her election may move.

"**Post-DDA Tenant**" is defined in **Section II.A1** (Determination of Household Eligibility for Transition Benefits).

"**Post-Transition Household**" is defined in **Section VIII.A** (Premarketing Assistance).

"**Post-Transition Tenant**" is defined in **Section VIII.A** (Premarketing Assistance).

"**Premarketing Notice List**" is defined in **Section VIII.A** (Premarketing Assistance).

"**Premarketing Window**" is defined in **Section VIII.A** (Premarketing Assistance).

"**RAB**" is defined in **Section XI.A.3** (Hearing before Relocation Appeals Board).

"**Rent Board Adjustment**" means the annual rent increases allowed by the San Francisco Residential Rent Stabilization and Arbitration Board under Chapter 37 of the Administrative Code.

"**Rent Board Schedule**" is defined in **Section VI.A.2** (Calculation of Payment).

"**Residential Lease**" is defined in **Section II.A.1** (Defined Terms for Determining Eligibility.

"**Second Notice to Move**" means a written notice to a Household, as described in **Section III.C** (Second Notice to Move).

"**Section 8**" means Section 8 of the United States Housing Act of 1937.

"**Sunset Date**" is defined in **Section VIII.A** (Premarketing Assistance).

"**Supporting Household**" is defined in **Section X.B.1** (Treatment of Dependents).

"**Tax Credit Eligible Household**" means a Transitioning Household that meets all of the criteria for occupying a Dwelling subject to a low income housing tax credit regulatory agreement, including maximum income limitations (generally not exceeding 60% of area median income).

"**Tenant**" means a Person who rents or is otherwise in lawful possession of a Dwelling, including a sleeping room, that is owned by another Person.

"**Term Sheet Resolution**" is defined in **Section I.A** (Background).

"**The Villages**" is defined in **Section I.A** (Background).

"**TICD**" is defined in **Section I.A** (Background).

"**TIDA**" is defined in **Section I.A** (Background).

"**TIDA Board**" is defined in **Section I.A** (Background).

"**TIHDI**" is defined in **Section I.A** (Background).

"**Transition Benefits**" is defined in **Section I.B** (Purpose).

"**Transition Housing Rules and Regulations**" is defined in **Section I.A** (Background).

"**Transition Unit**" is a newly-constructed Dwelling on Treasure Island that meets the standards of **Section V.B** (Standards Applicable to Transition Units).

"**Transition Unit Option**" means the benefit offered to Transitioning Households described in **Article V** (Description of Transition Unit Option).

"**Transitioning Household**" is defined in **Section II.A.** (Determination of Household Eligibility for Transition Benefits).

"**Unit Purchase Assistance Option**" means the Transition Benefit offered to Transitioning Households, described in **Article VII** (Description of Unit Purchase Assistance Option).

"**Unlawful Occupancy**" is defined in **Section II.A.1** (Determination of Household Eligibility for Transition Benefits).

"**Utility Adjustment**" means the amount by which rent for a Transition Unit will be adjusted downward to reflect any utilities that are not included in the rent of the Transition Unit, if the same utilities were included in the rent of the Existing Unit. The downward rent adjustment will be calculated according to the Utility Allowance Schedule.

"**Utility Allowance Schedule**" means the schedule published by the San Francisco Housing Authority to determine allowances for tenant-furnished utilities for Dwelling Units in the City. If the San Francisco Housing Authority publishes a Utility Allowance Schedule that includes allowances for energy efficient appliances or Dwelling Units, the energy efficient schedule will be used for the Utility Adjustment. For these Transition Housing Rules and Regulations, only allowances specifically allocated to electricity, natural gas, trash, water, and sewer, if applicable, will be considered.

CITY AND COUNTY OF SAN FRANCISCO

RESIDENTIAL INCLUSIONARY AFFORDABLE HOUSING PROGRAM MONITORING AND PROCEDURES MANUAL

Adopted 6/28/2007

PREFACE

The Residential Inclusionary Affordable Housing Program ("Program") requires developers to sell or rent a certain percentage of units in new developments at a "below market rate" price that is affordable to low-income, median-income and moderate-income households. The Program is governed by San Francisco Planning Code Section 315 *et seq.*, and is administered by the San Francisco Mayor's Office of Housing ("MOH"). Planning Code Section 315 requires that MOH and the San Francisco Planning Department publish a Procedures Manual containing procedures for monitoring and enforcement of the policies and procedures for implementation of the Program. This Monitoring and Procedures Manual ("Manual") contains information regarding the Program for potential buyers and renters of below market rate units, as well as for information for projects sponsors, owners and property managers of units developed under the Program. Updates to the Manual occur as needed.

This Manual should be read in conjunction with the applicable requirements of the Program, found in San Francisco Planning Code Section 315 *et seq.*, including prior versions of that section. Previous versions of Planning Code section 315 et seq. can be found on the MOH website at www.sfgov.org/moh. While every effort has been made to harmonize the information in this Manual with the requirements of the Planning Code and previous versions of the Code, should there be any conflict with the Manual and the Planning Code or previous versions of Section 315 *et seq* (whichever is applicable to a particular development), the terms of the Planning Code or those previous versions shall prevail over this Manual. The provisions of a Notice of Special Restrictions recorded on a property or unit developed under the Program shall prevail over any general requirements in the Manual or the Planning Code.

Users of this Manual are encouraged to seek their own legal counsel to aid in understanding of the requirements of the Program. If there are general questions regarding the Manual, users may call the Mayor's Office of Housing at (415) 701-5500, or visit their website at www.sfgov.org/moh.

Any request for the interpretation and applicability of the provisions of the Planning Code may be sought by contacting the Zoning Administrator, pursuant to Planning Code Section 307(a).

Any **BMR unit** entering the marketing stage on or after the effective date of this Manual is subject to the Manual in its entirety.

The effective date of this Manual is June 28, 2007.

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I. DEFINITIONS OF TERMS (Bold Face words are further defined in this subsection).

AFFORDABLE HOUSING PROJECT	A housing project or mixed use project, whether **new construction** or **conversion** of use, which contains units satisfying affordable housing requirements imposed by the Inclusionary Housing Ordinance, **planning approvals** or other **use restrictions**.
APPRAISED FAIR MARKET VALUE	The value of a **BMR unit** determined without regard to sales or rental restrictions on that unit pursuant to (1) an independent appraisal conducted by an appraiser acceptable to **MOH** and paid for by the prospective purchaser of such unit, or (2) mutual agreement as to value between **MOH** and the prospective purchaser. This appraisal may be required by **MOH** prior to any sale of a **BMR unit**.
BMR OWNERSHIP UNIT	Below Market Rate ("BMR") Ownership Unit. A **BMR unit** owned and occupied by a qualifying household.
BMR RENTAL UNIT	Below Market Rate ("BMR") Rental Unit. A **BMR unit** rented and occupied by a qualifying household.
BMR UNIT	Below Market Rate ("BMR") Unit. An affordable **dwelling unit** or other approved residential unit which is sold or rented at a price specified in the **planning approvals** or other **use restrictions** which may be lower than the **appraised fair market value** of **comparable units**. **BMR units** may be either ownership for **first time homebuyer households** or rental. The sales or rental price limits on the **BMR unit** are as described in the **planning approvals** or other **use restrictions** as required by the City and County of San Francisco.
CAPITAL IMPROVEMENTS CAP	As referenced in section II (E) (5), the difference between the **resale price** and the final **resale price** of a **BMR unit** after the addition of approved **eligible capital improvements** and **eligible replacement and repair**. In order to maintain the affordability of the **BMR unit** for subsequent buyers, **MOH** will review and approve **eligible capital improvements** and **eligible replacement and repair** when submitted. However, at the time of sale, **MOH** will cap these improvements at 7% of the resale price. For example: Formula Calculated Resale Price

	+ **Eligible Capital Improvements** and/or **Eligible Replacement and Repair** (Cost of Approved CI's or 7% of Sale Price, whichever is less) + **Special assessment**s (dollar-for-dollar) + 5% of Original **resale price** if using MLS = Final resale price
CERTIFICATE OF FINAL COMPLETION AND OCCUPANCY	A certificate issued to a **Project Sponsor** by the Bureau of Building Inspection (**DBI**) that certifies that all Building Code provisions and building specifications for the development project have been satisfied.
CITY	The City and County of San Francisco
CLOSE OF ESCROW	The closing of the sale of a **BMR Ownership Unit** to a **qualifying household**.
COMPARABLE UNIT	A unit that is of good quality and that is consistent with the current standards for new housing.
CONDITIONS OF APPROVAL	A set of written conditions imposed by the City Planning Commission or another permit-issuing City agency or appellate body when it receives a Conditional Use Permit for the construction of a principal project or other housing project subject to this program.
CONVERSION	Change in use of a property.
DEPARTMENT OF BUILDING INSPECTIONS, or "DBI"	San Francisco Department of Building Inspections
DOMESTIC PARTNER	A legal or personal relationship between individuals who live together and share a common domestic life but are not joined in a traditional marriage or a civil union as formalized through a local or state registry.
DWELLING UNIT	A room or suite of two or more rooms that is designed for, or

	is occupied by, one family doing its own cooking therein and having only one kitchen.
EQUAL OPPORTUNITY HOUSING SYMBOL	The federal **fair housing** symbol used to identify the adherence to **fair housing** rules.
ESCROW CLOSING DOCUMENTS	Documents signed by a buyer to complete the sale of a **BMR unit.**
FAIR HOUSING	State or federal laws that govern the fair and unbiased treatment of buyers and renters when selling or renting a housing unit.
FIRST CERTIFICATE OF OCCUPANCY	Either a temporary certificate of occupancy or a Certificate of Final Completion and Occupancy as defined in San Francisco Building Code Section 109, whichever is issued first.
FIRST SITE OR BUILDING PERMIT	The first Department of Building Inspection (**DBI**) issued permit for the construction of land.
FIRST-TIME HOMEBUYER EDUCATION WORKSHOP	A course designed to provide basic education to first time homebuyers offered by a counseling agency certified by **MOH**.
GROSS INCOME	All income from whatever source derived as provided in the Internal Revenue Code (26 USC Section 61), whether or not exempt from federal income tax. Such income includes, but is not limited to, the following: Compensation for services, including fees, commissions, and similar items; Income from assets; **Gross income** derived from business; Gains derived from dealings in property; Interest; Rents; Royalties;

	Dividends; Alimony and separate maintenance payments; Annuities; Income from life insurance and endowment contracts; Pensions; Income from discharge of indebtedness; Distribution share of partnership **gross income**; Income in respect of a decedent; Income from an interest in an estate or trust; and Public benefits including but not limited to CalWorks, SSI, Disability income.
HUD AREA MEDIAN INCOME	Unadjusted income levels derived from the Department of Housing and Urban Development ("HUD") on an annual basis and used to calculate the income levels of **qualifying BMR household**s and to price **BMR units**.
HOME OWNERS ASSOCIATION, or "HOA"	A nonprofit association that manages the common areas of a condominium or planned unit development (PUD). Unit owners pay to the association a fee to maintain areas owned jointly.
HOME OWNERS ASSOCIATION DUES or "HOA" DUES	Monthly payments due to a homeowners association for the upkeep, maintenance and improvement of common areas in a residential building.
HOUSING PROJECT	A development that has residential units as defined in the Planning Code, including but not limited to dwellings, group housing, independent living units, and other forms of development which are intended to provide long-term housing to individuals and households. Housing project shall not include that portion of a development that qualifies as an Institutional Use under the planning code. Housing project for the purpose of the program shall also include the development of live/work units as defined by Planning Code Section 102.13. Housing project for the purpose of this Program shall mean all phases or elements of a multi-phase or multiple lot development.
HOUSING UNIT	"Housing Unit" or "unit" shall mean a dwelling unit as defined

	in San Francisco Housing Code Section 401.
IMPUTED INCOME	**Gross income** plus a percentage of the value of allowable assets. Ten percent (10%) of allowable assets between thirty thousand ($30,000) and one hundred thirty thousand ($130,000) dollars will be added to a household's **gross income**. Allowable assets over one hundred and thirty thousand ($130,000) dollars will be added to a household's **gross income** at a rate of thirty-five percent (35%).
INCLUSIONARY GUIDELINES	The Guidelines adopted by the Planning Commission on September 10, 1992, by Resolution 13405, setting forth inclusionary policies in effect as of that date.
INCLUSIONARY ORDINANCE	Sections 315-315.9 inclusive of the San Francisco Planning Code, as amended from time to time.
INCLUSIONARY PROGRAM	The Residential Inclusionary Affordable Housing Program.
INCOME TABLE	Income information that is based on a specific federal source and geographic area. Income tables in this **Manual** include the **HUD Area Median Income** table and the **San Francisco Median Income** table. The **income table** used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Income levels for buyers in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for buyers in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size.
LIFE OF THE PROJECT	The time period during which a principal project or off-site project exists as a residential development regardless of change in principal project or off-site project ownership. The affordable housing requirement of a **principal project** or **off-site project** shall be in effect shall be for the **life of the project** for units marketed after the formal adoption of this Procedures Manual.

LOW-INCOME HOUSEHOLD	A household whose combined annual gross income for all members does not exceed sixty (60) percent of median income.
MANUAL	The City and County of San Francisco Residential Affordable Housing Program Procedures and Monitoring Manual.
MARKETING CONSULTANT	A person representing a development of **BMR units** who markets and sells the **BMR units** in accordance with the procedures set forth in this **Manual** and by **MOH**.
MARKETING PLAN	A compliance procedure, described in Section IV (C), (D) and (E) of this manual, which requires the **Project Sponsor** of a **principal project** that has an affordable housing requirements to undertake certain measures that are directed to advertise and sell available affordable housing units to **qualifying household**s.
MAYOR'S OFFICE OF HOUSING, or "MOH"	Mayor's Office of Housing ("MOH") or its successor.
MAXIMUM MONTHLY RENT	The monthly monetary consideration paid by a qualifying household for use of the designated **BMR rental unit** as the household's principal residence; it shall be determined at the time of first occupancy by a **qualifying household** based on either the income limit established for the percentage of **median income** specified in the **planning approvals** or other **use restrictions** for the **BMR unit**. Maximum monthly rent, together with a **utility allowance** in an amount determined by the San Francisco Housing Authority, shall not exceed thirty (30) percent of the percentage of the income limit required by the **planning approvals** or other use restrictions. The rent at first occupancy of a **BMR unit** shall not exceed the **maximum monthly rent**. Subsequent rents may be increased on each anniversary of a tenant's occupancy of a **BMR Rental Unit** according to the formula set forth in Section IV (D) (7) of this manual.
MAXIMUM SALES PRICE	The maximum initial or **resale price** of a Below Market Rate ownership unit as established by the Mayor's Office of Housing.

MEDIAN INCOME	The income that reflects the halfway point between all incomes for a certain-sized household based on a sample representation of the population. The **income table** used to determine the **median income** is determined by the date on which a housing development received its first site or building permit.
MEDIAN-INCOME HOUSEHOLD	A household whose combined annual gross income for all members does not exceed one hundred (100) percent of median income.
MODERATE-INCOME HOUSEHOLD	A household whose combined annual gross income for all members does not exceed one hundred twenty (120) percent of median income.
MINORITY COMMUNITIES	Minority communities or minority households shall include, as a guideline, members of the following racial, ethnic, gender or otherwise specially disadvantaged groups: African-American - defined as persons of African origin. Latino - defined as persons of Mexican, Caribbean, Central American or South American origin. Asian - defined as persons of Chinese, Japanese, Korean, Pacific Islander, Samoan, Filipino, Southeast Asian or Asian Indian origin. Native American - defined as persons whose origins are of indigenous peoples of North America. Women - defined as persons of female gender. Gay and Lesbian - defined as a male and female homosexual. Families with dependents - defined as a household with two or more persons in which the head of household is an adult and at least one other household member is an elderly or handicapped person who is financially dependent on the head of household or a person under the age of 18 years who is related to the head of the household by blood, marriage or adoption or related to the **domestic partner** by blood or adoption. Person with a disability - defined as a person who satisfied the definition of "handicapped" under Federal Fair Housing Law on the basis of presence of a long-term physical or mental impairment which substantially limits one or more of such person's major life activities including mobility, visual or

	hearing impairment, terminal illness or AIDS diagnosis. Elderly - defined as persons over the age of 65 years.
NEW CONSTRUCTION	The construction of new habitable living and accessory space, including additions to existing structures. It does not include **conversion** of use of existing building space or rehabilitation of existing building space.
NOTICE OF SPECIAL RESTICTIONS (NSR)	A document recorded with the City and County of San Francisco Recorder's Office for any unit subject to this Program detailing the sales and resale or rental restrictions and any restrictions on purchaser or tenant income levels included as a Conditional of Approval of the principal project relating to the unit.
OFF-SITE BMR UNIT	Shall mean unit affordable to a **qualifying household** constructed pursuant to the **Inclusionary Ordinance**, Section 315.4, on a site other than the **principal project**.
OFF-SITE PROJECT	A development constructed pursuant to the **Inclusionary Ordinance**, Section 315.4, on a site other than the **principal project**.
ON-SITE BMR UNIT	Shall mean a unit affordable to a **qualifying household** constructed pursuant to the **Inclusionary Ordinance**, Section 315.4, on the site of the **Principal project**.
ON-SITE PROJECT	Shall mean project constructed pursuant to the **Inclusionary Ordinance**, Section 315.4, with **on-site BMR units**.
PLANNING APPROVAL	A general term for the **Planning Motion**, **Conditions of Approval**, **Planning Permits**, **Zoning Administrator** determinations or other planning approvals issued for a specific housing development.
PLANNING CODE	The City and County of San Francisco Planning Code.
PLANNING MOTION	A planning approval issued by the San Francisco Planning Commission.
PLANNING PERMIT	A planning approval issued by the San Francisco Planning Departments.

PRINCIPAL PROJECT	A development on which a requirement to provide affordable housing units is imposed as a condition of planning approval, pursuant to other applicable use restrictions or any project that includes a certain number of residential units.
PROCEDURES MANUAL	The City and County of San Francisco Affordable Housing Monitoring Procedures Manual.
PROJECT SPONSOR	The applicant for a **site or building permit** and any other permit to allow construction of a **principal project** which, as a condition of approval or as a matter of the project being a certain number of units or greater, must provide affordable **BMR unit(s)**. "**Project Sponsor**" includes any successors in interest to ownership of all or part of the **principal project** or any **BMR unit**. The term "**Project Sponsor**" shall be the developer or owner for the purposes of this Procedures Manual.
QUALIFYING HOUSEHOLD	A household that satisfies the following criteria: Annual income at the time of initial occupancy of a **BMR unit**, adjusted for household size, does not exceed the percentage of **median income** limits specified in the **planning approvals** or other applicable **use restriction**s of the project; The household must occupy the unit as a principal residence; The size of the unit must be compatible with the household size, at a minimum of one person per bedroom; In the case of a **BMR Ownership Unit**, a **qualifying household** must be a first-time homebuyer household; In the case of ownership **BMR units**, a percentage of the value of allowable assets will be added to a household's **gross income**. This new income shall be referred to as a household's **imputed income**; One titleholder lives or works in the City and County of San Francisco. In the case of ownership **BMR units**, all titleholders must be the holder of a standard mortgage from a primary lending institution. In the case of ownership **BMR units**, all titleholders must have attended an approved **first-time homebuyer education workshop** before applying for the unit.

	Each household member must either be on the loan and title for the **BMR unit** or be claimed as a dependent as reflected in the most recent tax years.
RESALE PRICE	The purchase price to be paid by a buyer of a **BMR unit** previously purchased by a qualified first-time homebuyer household, as calculated according to Section II (D) (5) of this **Manual**.
SAN FRANCISCO MEDIAN INCOME	**Median income** adjusted for household size derived from the statistical relationship between the American Community Survey (ACS) income profile and the regional U.S. Department of Housing and Urban Development (HUD) AMI calculation used to calculate the income levels of **qualifying BMR household**s and to price **BMR units**. The index shall be updated every year or upon availability of an updated ACS.
SPECIAL ASSESSMENT	A proportional fee charged to the owner by the Homeowner's Association (**HOA**) to cover the cost of physical improvement to the entire building.
UNBUNDLED PARKING	A parking space that is not an amenity included in the price of a residential unit.
USE RESTRICTION	A restriction which is recorded in the official records of San Francisco County on the **principal project** and any linked off-site **affordable housing project**; (ii) restrictions contained in applicable provisions of San Francisco Codes, or (iii) restrictions contained in the Ordinance, any of which restricts the use of real property, either totally or partially as affordable housing.
UTILITY ALLOWANCE	A dollar amount established periodically by the San Francisco Housing Authority based on U.S. Department of Housing and Urban Development (HUD) standards for cost of basic utilities for households.
ZONING ADMINISTRATOR	The Zoning Administrator for the City and County of San Francisco

II. BUYER QUALIFICATIONS AND RESTRICTIONS ON BMR OWNERSHIP UNITS (Boldface words are defined in Section I)

A. Buyer Qualifications

1. Qualifying Household for **BMR Ownership Units**

A qualifying household meets the following standards:

a. The household is income qualified;

b. The household is a first-time homebuyer household;

c. The household must live in the unit as their primary residence within 60 days of the **close of escrow** on the unit;

d. The household includes one member who has lived or worked in San Francisco by the application deadline for the **BMR unit**;

e. The household includes all spouses or **domestic partners** of titleholders as joint titleholders;

f. The household must be of a size that is equal to or greater than the number of bedrooms in the **BMR unit**;

g. The household includes titleholders who have taken an approved **first-time homebuyer education** workshop;

h. The household is defined in terms of financial relationships and can include any owner partnerships as long as the combined household meets the eligibility requirements;

i. All titleholding household members must appear on the loan for the **BMR unit**.

2. Preferences for **BMR Ownership Units**

a. At least one applicant in each BMR household must live or work in San Francisco in order to apply for a **BMR unit** per Section 315.4 of the Planning Code. This household member must have lived or worked in San Francisco by the application deadline for a **BMR unit.**

b. Verification of Preference Qualification

i. **MOH** shall verify a person's residency by examining one document from the list below:

(a) One utility bill with a San Francisco address dated within the 45 days preceding the application deadline for the **BMR unit**. Utility bills can include gas, electric, garbage or water;
(b) Current paystubs with a San Francisco address; or
(c) A current, formal lease with a San Francisco address.

ii. **MOH** shall verify that a person works in San Francisco by reviewing an applicant's paystubs. If an applicant's employer is not based in San Francisco, or if a person's paystubs do not reflect a San Francisco work address, the applicant must supply a notarized letter from the employer stating that the person works primarily in San Francisco and demonstrate that at least 75% of their working hours are in San Francisco.

3. First-time Homebuyer Requirement for **BMR Ownership Unit**s

a. No member of the **qualifying household** must have owned any interest in a **dwelling unit**, any commercial real estate, or any land for a three-year period prior to applying to qualify for purchase of a **BMR unit**. The period shall be counted backwards from the application deadline for the **BMR unit**.

b. This definition is a legal requirement and includes, among other properties, those in which an applicant's name appears on title regardless of whether or not that interest results in a financial gain, is in another state or country, or if they have ever used the property as a primary residence. If any purchaser has had their name on title of a property but it was sold more than three years ago, the program considers them a first-time buyer.

c. **MOH** may verify first-time homebuyer status by (1) reviewing mortgage deductions on the three most recent years of federal tax returns for each person on title; (2) a signed statement on the application stating homeownership status; and (3) a title search.

4. **First-time Homebuyer Education Workshop** Requirement for **BMR Ownership Unit**s

Each BMR applicant who will hold title in a **BMR unit** must attend a qualified **first-time homebuyer education workshop** before applying for a **BMR Ownership Unit**. The workshop provider must

be approved by **MOH**. Applicants must provide a certificate of completion from the workshop with the BMR application package. For one year following the effective date of this Manual, MOH may allow applicants to provide certification of completion of a qualified workshop after the applicant's name is selected through a lottery.

5. Household Size Requirement for **BMR Ownership Units**

   The size of a household must be compatible with the size of the unit being purchased. A minimum of one person per bedroom is required. There is no restriction on purchasing a unit that has fewer bedrooms than the household size.

6. Income Requirement for **BMR Ownership Units**

   a. Unless stated otherwise in **planning approvals** or other **use restrictions**, **BMR Ownership Units** in one development will, on average, be available to households with a combined income of no more than 100% of **median income**. Income maximums are based on "gross" income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61). The amounts are adjusted on an annual basis and are posted on the MOH website.

   b. The **income table** used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Income levels for buyers in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for buyers in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size. All **off-site projects** will be held to the date on which the principal project received its first site or building permit.

   c. **MOH** calculates income based on the **gross income** on each applicant's past three pay stubs. The income is derived by dividing the year-to-date **gross income** by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year.

   d. In the case of a self-employed person, **MOH** reviews the person's last 2 years of tax returns; past, present and projected Profit and Loss Statements; and other relevant documents on a case-by-case basis.

e. **MOH** must review qualifying requirements for all household members 18 years and older, regardless of dependency status.

7. Asset Test for **BMR Ownership Units**

MOH will apply an asset test to all applicants 18 years or older, including all custodial accounts held for minors. Assets include all liquid asset accounts, including but not limited to savings accounts, checking accounts, Certificates of Deposit, stocks, and gifts. Assets also include any money that will be used toward a down payment on a **BMR unit**. MOH will not count qualified retirement income toward an applicant's asset. 10% of all assets between $30,001 and 130,000 will be added to the total household income; and 35% of assets above $130,000 will be added to the total household income.

B. Buyer Application Requirements for **BMR Ownership Units**

1. Households applying for **BMR ownership units** must supply the following documentation in order to apply for a **BMR unit**:

a. An application from the proposed purchaser on a form specified by **MOH**;

b. Supporting documentation from all members 18 years or older of the purchaser household, including:
i. Past three (3) years IRS returns;
ii. Past three (3) years W-2 forms;
iii. Three (3) current and consecutive pay stubs or equivalent;
iv. Three (3) current and consecutive statements from every liquid asset account or personal cash holdings, including all custodial accounts held for minors;
v. Verification of San Francisco residency or employment;
vi. Verification of completion of an approved **First-time Home Buyer Education** workshop.

2. To proceed with a **BMR unit** purchase post-lottery, the BMR buyer's lender or sales agent must supply the following documentation:

a. A completed sales agreement;
b. An appraisal showing the **Appraised Fair Market Value** of the **BMR unit**;
c. A mortgage loan application to an institutional lender;
d. A Preliminary Title Report for the **BMR unit**.

C. Financing Requirements

1. Loan Review for **BMR Ownership Units**

   MOH will review loans for reasonable interest rates and other factors important to sound lending.

2. Allowable Loan Types for **BMR Ownership Units**

   All BMR buyers must be able to secure a loan through a lending institution for a **BMR unit**. BMR buyers must use fully amortizing 30- or 40-year fixed-rate loans.

3. Loan Types Not Allowed for **BMR Ownership Units**

   Except for specifically approved loans programs, BMR buyers cannot use stated-income loans, negative amortizing loans, adjustable rate mortgages, "balloon payment" loans, or interest-only loans. **MOH** reserves the right to identify additionally prohibited loan characteristics.

4. Documentation Requirements for **BMR Ownership Units**

   Loan agreement documents must name all BMR titleholders and no other persons.

D. Restrictions on **BMR Ownership Units**

1. Term of Restriction on **BMR Ownership Units**

   Per Section 315.7 of the Planning Code, all **BMR ownership units** that entered the marketing process on or after the effective date of this **Manual** are restricted in their resale price and other applicable restrictions for the **life of the project** unless otherwise noted in the **planning approvals** or other **use restrictions** for the project. All **BMR ownership units** that entered the marketing process before the effective date of this **Manual** are restricted in their resale price and other applicable restrictions for 50 years unless otherwise stated in the **planning approvals** or other **use restrictions** for the project. The 50-year restriction period shall restart with each resale of a **BMR unit**.

2. Documents that Govern the **BMR Ownership Unit** and Owner

   All titleholders to **BMR Ownership Units** will sign documents provided by MOH that maintain restrictions on a **BMR unit**. These documents include but are not limited to the following:

a. Deed of Trust – A deed that is subordinate only to the primary deed, executed by the buyer as trustor, for the benefit of the City to secure the Promissory Note described as follows:

b. Promissory Note – A lien that is based upon the difference between **Appraised Fair Market Value** and the BMR **maximum sales price**, insuring compliance with the resale restrictions outlined in the **planning approvals** or other **use restrictions**. The lien will be reconveyed to the new **BMR unit** owner upon resale. BMR owners in units marketed before the effective date of this **Manual** may only repay the lien when the unit leaves its restricted period, generally no sooner than 50 years from date of purchase for one BMR owner household. BMR owners living in units that entered the marketing period on or after the effective date of this **Manual** may not repay the lien at any time.

c. Grant of Right of First Refusal – A document that requires the seller to notify **MOH** upon resale, giving the City the option to exercise their right to substitute a qualified buyer.

d. Acknowledgement of Special Restrictions – Verification that the buyer has been advised of the terms of the affordability restrictions contained in the **planning approvals** and other **use restrictions** for the **BMR unit.**

3. Occupancy Requirement for **BMR Ownership Units**

BMR units are to be owner-occupied and never used as investment or rental property.

4. Restrictions on Renting **BMR Ownership Units**

a. An owner of a **BMR unit** may not rent or sublease any part or the entire unit without prior written consent of **MOH**.

b. **BMR Ownership Units** are to be owner-occupied and not used as rental property. However, **MOH** may grant consent to a BMR owner to rent in circumstances where the household is temporarily forced to temporarily relocate due to employment requirements, or for other reason deemed acceptable by **MOH** in its sole discretion, provided that:

i. The total period for which the unit may be leased does not exceed six (6) months;

ii. The tenant satisfies the income, household size and other **qualifying household** requirements placed

on the **BMR unit** by **planning approvals** or **other use restrictions**; and

iii. Initial rent does not exceed the **maximum monthly rent**, calculated according to the income percentages under subsection IV (D) (2) above.

5. Resale Restrictions and Procedures for **BMR Ownership Units**

A **BMR Ownership Unit** owner shall follow the ensuing policies and guidelines of **MOH** when reselling a **BMR ownership unit.**

a. The owner of a **BMR Ownership Unit** shall, at least thirty (30) days prior to marketing the **BMR unit**, advise **MOH** of his/her intent to sell the unit and shall request a determination of **resale price** from **MOH**. **MOH** shall price the unit only upon receipt of a signed intent to resell the unit and request for pricing; a statement of all approved capital improvements made to the unit; and a signed listing agreement with a certified realtor.

b. Within the 30-day period, **MOH** shall inform the owner of the permissible sales price of that unit and any other conditions of sale.

c. Pricing Methodology for **BMR Units** Upon Resale

i. A **BMR unit** will be repriced so that it remains affordable to a household sized one person larger than the bedroom count of the unit at a designated percentage of **median income**.

ii. Units in developments that were not sold under this **Manual** will be re-priced using the methodology dictated by **planning approval** for the specific development.

iii. Units in developments that are initially sold under this **Manual** will be re-priced using the percentage change in the designated percentage of **median income** from the date of the current owner's purchase to the date of the resale pricing.

iv. Owners of **BMR units** purchased before the effective date of this **Manual** may opt to have their units repriced according to the change in **median income** by signing a contract agreeing to abide by the current the current **Manual** in all aspects except for the **income table** requirements set forth for projects

receiving their **first site or building permit** on or after September 9, 2006.

v. The **income table** used to calculate the **resale price** of a **BMR unit** shall be determined by the date on which the **principal project** received its **first site or building permit.** Units in developments with corresponding **principal projects** that received their **first site or building permit** before September 9, 2006 will be repriced using the historical and current percentage of **HUD Area Median Income** for a household sized one person larger than the number of bedrooms in the unit. Per Section 315.1 of the Planning Code, units in developments with corresponding **principal projects** that received their **first site or building permit** on or after September 9, 2006 will be repriced using the historical and current percentage of **San Francisco Median Income** for a household sized one person larger than the number of bedrooms in the unit.

vi. The **resale price** shall be equal to the sum of (a) plus (b) plus (c) below. If the **resale price** as calculated above is lower than the original purchase price for the unit, **MOH** will give the seller the option between the **resale price** as calculated, or the original purchase price (b) plus (c) below. A purchase price is recalculated at the time of sale pursuant to the following formula:

(a) The formula outlined in sections i through v above; plus

(b) The cost of **approved capital improvements** and **special assessments** as defined in Section II (E) of this **Manual**; plus

(c) The fee to the owner and buyer's realtor for representation and for listing the unit on the Multiple Listing Service, equal to five (5) percent of the sum of the dollar amount calculated pursuant to subsections (a) and (b) above.

d. Appreciation gained from the sale of a **BMR Ownership Unit** belongs to the owner unless the owner has an additional loan from the **City** or other entity that requires an appreciation share. However, the price of a **BMR unit** at resale is not guaranteed to exceed the initial purchase price of the unit.

e. The owner must market the unit. Marketing must include listing of the unit on the Multiple Listing Service (MLS) by a certified realtor and listing of the unit on **MOH**'s website for at least 14 calendar days. All MLS listings must include information on the qualifications and restrictions of the **BMR unit** as supplied by MOH.

f. All potential buyers who are on the general BMR interest list shall be notified by **MOH** of units available for resale and invited to participate in the lottery, as will the general public.

g. A public lottery for the resale unit must be held by **MOH** for all **BMR unit** resales. **MOH** will record the results and the realtor will make the results available to all interested applicants or members of the public.

h. To enter a lottery for resale, a potential buyer must submit a BMR application and all supporting materials pursuant to section II (B) above as well as a loan pre-approval and a completed San Francisco purchase agreement. All applications and materials will be submitted directly to the buyer's realtor.

i. At least sixty (60) days prior to the anticipated date of the **close of escrow**, the buyer shall submit to **MOH** for approval the following documentation:

i. An application from the proposed purchaser on a form specified by **MOH**;

ii. Supporting documentation from all members 18 years and older of the purchaser household, including:

(a) Past three (3) years IRS returns;
(b) Past three (3) years W-2 forms;
(c) Three (3) current and consecutive pay stubs or equivalent;
(d) Three (3) current and consecutive statements from every liquid asset account and personal cash holdings, including all custodial accounts held for minors;
(e) Verification of San Francisco residency or employment;
(f) Verification of completion of an approved **First-time Homebuyer Education Workshop**;
(g) A loan pre-approval;
(h) A completed **San Francisco Purchase Agreement**.

j. To proceed with a **BMR unit** purchase post-lottery, the BMR buyer's lender must supply the following loan and sales agreement documentation at least thirty (30) days prior to the anticipated date of the **close of escrow**:

i. An appraisal showing the **Appraised Fair Market Value** of the **BMR unit**;
ii. A mortgage loan application to an institutional lender;
iii. A Preliminary Title Report for the **BMR unit**.

k. Timing of Buyer Approval by **MOH**

i. Upon receipt of a complete BMR homeownership application and all supporting materials, **MOH** shall verify the household qualification within 15 working days.
ii. Upon receipt of loan and sales agreement documentation, **MOH** shall draft **escrow closing documents** within five (5) working days.

l. No sale may proceed without the written approval of **MOH**.

m. Broker fees paid by the seller must be shared in a commission agreement with the buyer's representing agent.

n. Sales agreements with terms requiring the payment of seller's brokerage fees by the buyer will not be approved. No separate terms can be required within a sales agreement that requires the buyer to purchase appliances, furnishings, or other disallowed capital improvements.

o. BMR owners and realtors shall comply with the documentation and enforcement procedures set forth in Section IV (J) of this manual.

p. In cases where, despite the owner's good faith efforts, no **qualifying household** has contracted to purchase a **BMR Ownership Unit** within six (6) months after the lottery for the unit, the owner shall inform **MOH**, which may then increase the permissible income levels for prospective purchasers of that unit up to a maximum twenty (20) percent over the income percentage limit specified in the **planning approval**s or other **use restrictions**, but shall not increase any current or future permissible sale price of that unit as indicated in **planning approval**s or other **use restrictions**.

6. Restrictions on Title Transfer of **BMR Ownership Units**

a. Title transfers on **BMR units** are not allowed except as determined by **MOH** on a case-by-case basis. BMR owners must seek approval from **MOH** before adding or removing any person from title.

b. **MOH** may require that a spouse or registered **domestic partner** become a co-owner by assuming title and by executing an addendum to the Deed of Trust, Promissory Note, Acknowledgement of Special Restrictions, and Right of First Refusal.

7. Owner Refinancing of **BMR Ownership Units**

a. **MOH** must approve all refinancing agreements for **BMR ownership units**.

b. Owners may be permitted to refinance up to the original value of their first mortgage in order to obtain lower interest rates or lower monthly payments. The new loan must be approved under the guidelines set out in section II (C) of this **Manual**.

c. Owners may also refinance their units to withdraw cash only in an amount equal to the amount paid on the unit.

E. Capital Improvements for **BMR Ownership Units**

1. **BMR units** may begin claiming capital improvements made 10 years after the unit was originally occupied. Once the building becomes eligible for capital improvements credit, homeowners may begin submitting documentation of completed work.

2. **MOH** will review all capital improvements claims and categorize them into three distinct categories: **Eligible Capital Improvements**, **Eligible Replacement and Repair** and **Ineligible Costs**. Each category is defined below.

a. **Eligible Capital Improvements** include major structural system upgrades, **special assessments**, new additions to the unit and improvements related to increasing the health, safety and energy efficiency of the property. Improvements that meet these criteria will be given 100% credit.

b. **Eligible Replacement and Repair** includes in-kind replacement of existing amenities, repairs and general maintenance that keeps the property in good working condition. Costs that meet these criteria will be given 50% credit.

c. **Ineligible costs** include cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures. Homeowners may undertake these projects at their discretion, however they will not be given capital improvements credit.

3. Procedure for Submitting Capital Improvements

   a. Homeowners must submit capital improvements to **MOH** for review within 6-months of the completion of the project. In order to document the improvements, each homeowner must submit:

      i. List of Capital Improvements with Description
      ii. Receipt/Invoice for Each Eligible Improvement
      iii. Proof of Payment, such as a cancelled check, bank account statement or credit card bill
      iv. A Copy of **Site or Building Permit**s, if required
      v. Contractor's License Number for Projects Exceeding $500

   b. Upon receipt of a complete capital improvements claim, **MOH** staff will arrange a site visit to inspect the completed project. Once the improvements have been verified, **MOH** will send a written response to approve or deny the submitted capital improvements within 60 days of original receipt. This information will be placed in the property file at **MOH** for use when the property is being sold.

4. Special Assessments

   Homeowner's Association initiated **special assessment**s are considered capital improvements and will be added to the **resale price** of the home. In order to receive credit for **special assessment**s, homeowners must submit the following documentation within 6-months of payment:

   a. Invoice for Special assessment

   b. Proof of Payment, such as a cancelled check, bank account statement or credit card bill

5. Capital Improvements Cap

   In order to maintain the affordability of the **BMR unit** for subsequent buyers, **MOH** will approve all **eligible capital improvements, eligible replacement and repair**, and **special assessments** when submitted. At the time of sale, **MOH** will cap

all **eligible capital improvements** and **eligible replacement and repair** at 7% of the resale price.

6. List of Approved Capital Improvements

   a. **Eligible Capital Improvements** include major structural system upgrades, new additions to the unit and improvements related to increasing the health, safety and energy efficiency of the property. Improvements that meet these criteria will be given 100% credit.

      i. Major Electrical Wiring System Upgrade
      ii. Major Plumbing System Upgrade
      iii. Room Additions
      iv. Installation of Additional Closets and Walls
      v. Alarm System
      vi. Smoke Detectors
      vii. Removal of Toxic Substances, such as:
         (a) Asbestos
         (b) Lead
         (c) Mold/Mildew
         (d) Insulation
         (e) Upgrade to Double Paned Windows
         (f) Fireplace Glass Screen
      viii. Upgrade to Energy Star Built-In Appliances, as follows:
         (a) Furnace
         (b) Water Heater
         (c) Stove/Range
         (d) Dishwasher
         (e) Microwave Hood

   b. **Eligible Replacement and Repair** includes in-kind replacement of existing amenities, repairs and general maintenance that keeps the property in good working condition. Costs that meet these criteria will be given 50% credit for repairs.

      i. Electrical Maintenance and Repair, such as:
         (a) Switches
         (b) Outlets
      ii. Plumbing Maintenance and Repair, such as:
         (a) Faucets
         (b) Supply Line
         (c) Sinks
      iii. Flooring
      iv. Countertops
      v. Cabinets
      vi. Bathroom Tile

vii. Bathroom Vanity
viii. Replacement of Built-In Appliances, as follows:
(a) Furnace
(b) Water Heater
(c) Stove/Range
(d) Dishwasher
(e) Microwave Hood
(f) Garbage Disposal
ix. Window Sash
x. Fireplace Maintenance or In-kind Replacement (Gas)
xi. Heating System
xii. Lighting System (Recessed)

c. **Ineligible costs** include cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures. Homeowners may undertake these projects at their discretion, however they will not be given capital improvements credit.

i. Cosmetic Enhancements, such as:
(a) Fireplace Tile and Mantel
(b) Decorative Wall Coverings or Hangings
(c) Window Treatments (Blinds, Shutters, Curtains, etc.)
(d) Installed Mirrors
(e) Shelving
(f) Refinishing of Existing Surfaces

ii. Non-Permanent Fixtures, such as:
(a) Track Lighting
(b) Door Knobs, Handles and Locks
(c) Portable Appliances (Refrigerator, Microwave, Stove/Oven, etc.)

iii. Installations with Limited Useful Life Spans, such as:
(a) Carpet
(b) Painting of Existing Surfaces
(c) Window Glass
(d) Light Bulbs

F. Monitoring of **BMR Ownership Units**

MOH shall monitor and require occupancy certification for **BMR ownership units** on an annual basis. Owner(s) of a **BMR unit** will be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding

occupancy status, changes in title, and any other information **MOH** may reasonably require to monitor compliance with the **BMR units** specific **planning approvals** or other **use restrictions**.

III. RENTER QUALIFICATIONS AND RESTRICTIONS ON BMR RENTAL UNITS

A. BMR Renter Qualifications

1. Qualifying Household for **BMR Rental Units**

A qualifying household meets the following standards:

a. The household is income qualified;

b. The household is a non-homeowner household;

c. The household must live in the unit as their primary residence within 60 days of the signing of the lease for the unit;

d. The household includes one member who has lived or worked in San Francisco by the application deadline for the **BMR unit**;

e. The household must be of a size that is equal to or greater than the number of bedrooms in the **BMR unit**;

f. The household is defined in terms of financial relationships and can include any rental partnerships as long as the combined household meets the eligibility requirements;

g. All non-dependents must appear on the lease for the unit.

2. Preferences for **BMR Rental Units**

a. A least one applicant in each BMR household must live or work in San Francisco in order to apply for a **BMR unit** per Section 315.4 of the Planning Code. This household member must have lived or worked in San Francisco by the application deadline for a **BMR unit**.

b. Verification of Preference Qualification

i. **MOH** shall verify a person's residency by examining one document from the list below. Each document must be in the applicant's name:

(a) One utility bill with a San Francisco address dated within the 45 days preceding the

application deadline for the **BMR unit**. Utility bills can include gas, electric, garbage or water;
(b) Current paystubs with a San Francisco address; or
(c) A current, formal lease with San Francisco address.

ii. MOH shall verify that a person works in San Francisco by reviewing an applicant's paystubs. If an applicant's employer is not based in San Francisco, or if an applicant's paystubs do not reflect a San Francisco work address, the applicant must supply a formal letter from the employer stating that the applicant works primarily in San Francisco and demonstrate that at least 75% of the applicant's working hours are in San Francisco.

3. Non-homeowner Requirement for **BMR Rental Unit**s

   a. No member of the **qualifying household** must own any interest in a **dwelling unit**, any commercial real estate, or any land upon applying to qualify for the rental of a **BMR unit**.

   b. This definition is a legal requirement and includes, among other properties, those in which an applicant's name appears on title regardless of whether or not that interest results in a financial gain, is in another state or country, or if they have ever used the property as a primary residence.

   c. **MOH** may verify non-homeowner status by (1) a signed a statement on their application stating their homeownership status; and (2) a title search.

4. Household Size Requirement for **BMR Rental Unit**s

   The size of a household must be compatible with the size of the unit being purchased. A minimum of one person per bedroom is required. There is no restriction on purchasing a unit that has fewer bedrooms than the household size.

5. Income Requirement for **BMR Rental Unit**s

   a. Unless stated otherwise in the **planning approvals** or other **use restriction**s, **BMR Rental Units** in one development will be available to households with a combined income of no more than 60% of **median income**. Income maximums are based on "gross" income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61). The amounts are adjusted on an annual basis.

b. The **income table** used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Per Section 315.1 of the Planning Code, income levels for renters in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for renters in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size. All **off-site projects** will be held to the date on which the principal project received its first site or building permit.

c. **MOH** calculates income based on the **gross income** on each applicant's past three pay stubs. The income is derived by dividing the year-to-date **gross income** by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year.

d. In the case of a self-employed person, **MOH** reviews the person's last 2 years of tax returns; past, present and projected Profit and Loss Statements; and other relevant documents on a case-by-case basis.

e. **MOH** must review qualifying requirements for all household members 18 years and older, regardless of dependency status.

6. Asset Test for **BMR Rental Units**

MOH will apply an asset test to all applicants, including all custodial accounts held for minors. Assets include all liquid asset accounts, including but not limited to savings, checking accounts, Certificates of Deposit, stocks, and gifts. Assets also include any money that will be used toward a down payment on a **BMR unit**. MOH will not count qualified retirement income toward an applicant's asset. 10% of all assets between $30,001 and 130,000 will be added to the total household income; and 35% of assets above $130,000 will be added to the total household income.

B. BMR Renter Application Requirements

a. Households applying for **BMR rental units** must supply the following documentation in order to enter the lottery for a **BMR unit**:

i. An application from the proposed purchaser on a form specified by **MOH**;

ii. Supporting documentation from all members 18 years or older of the purchaser household, including:

(a) Past one (1) year IRS returns;
(b) Past one (1) year W-2 forms;
(c) Three (3) current and consecutive pay stubs or equivalent;
(d) Three (3) recent and consecutive statements from every liquid asset account and personal cash savings, including all custodial accounts held for minors;
(e) Verification of San Francisco residency or employment.

b. To proceed with a **BMR unit** rental post-lottery, the rental representative must supply a draft lease agreement to MOH before MOH will approve the rental household.

C. Restrictions on **BMR Rental Units**

1. Term of Restriction on **BMR Rental Units**

Per Section 315.7 of the Planning Code all **BMR Rental Units** that entered the marketing process on or after the effective date of this **Manual** are restricted in their **rent levels** and other applicable restrictions for the life of the project unless otherwise stated in the **planning approvals** or other **use restrictions** for the project. All **BMR Rental Units** that entered the marketing process before the effective date of this **Manual** are restricted in their **rent levels** and other applicable restrictions for 50 years unless otherwise stated the **planning approvals** or other **use restrictions** for the project.

2. Documents that Govern the **BMR Rental Unit** and Renter

MOH may require all leaseholders of **BMR Rental Units** to sign documents stating leaseholders' acknowledgement of the restrictions on the BMR rental unit and any monitoring procedures.

3. Occupancy Requirement for **BMR Rental Units**

BMR units are intended to be renter-occupied and never used as investment or rental property.

4. Restrictions on Renting or Subleasing BMR Rental Units

i. A renter of a **BMR unit** may not rent or sublease any part or the entire unit without prior written consent of **MOH**.

ii. **BMR Rental Unit**s are to be occupied by the **qualifying household** and not used as rental property. However, **MOH** may grant consent to a BMR renter to rent in circumstances where the household is temporarily forced to temporarily relocate due to employment requirements, or for other reasons deemed acceptable by **MOH** in its sole discretion, provided that:

(a) The total period for which the unit may be leased does not exceed six (6) months;

(b) The sub-tenant satisfies the income, household size and other **qualifying household** requirements placed on the **BMR unit** by **planning approvals** or other **use restrictions**;

(c) The sublease complies with any requirements in the lease between the **Project Sponsor** and the tenant; and

(d) Initial sublease rent does not exceed the rent then payable by the current tenant.

5. Restrictions on Lease Changes for **BMR Rental Unit**s

BMR renters may not add or subtract any person from the lease for a **BMR Rental Unit** without consent from **MOH**. Should **MOH** consent to the addition or subtraction of a qualified household member in **BMR Rental Unit**, the new household must submit a new application for the unit and meet the current qualification standards for a **BMR Rental Unit**.

D. Permissible Rent Increases

The **Project Sponsor** may increase the **maximum monthly rent** for a **qualifying household** on each anniversary of a tenant's occupancy in an amount that does not exceed the amount determined by **MOH** based on the percent of **median income** established in **planning approval**s or other **use restrictions** and the then-existing **median income** amounts.

E. Monitoring of **BMR Rental Unit**s

BMR Rental Units shall be monitored by **MOH** on an annual basis to determine the continued eligibility of the BMR renter household. BMR rental households, owner(s) or those charged with the management of affordable BMR rental housing units satisfying the requirements of their **planning approvals** or other **use restrictions** may be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding rents, household and income characteristics of tenants of designated affordable units, services provided as part of the housing service such as security, parking, utilities, and any other information **MOH** may reasonably require to monitor compliance with the **BMR unit**'s specific **planning approvals** or other **use restrictions**.

IV. PROCEDURES FOR PROJECT SPONSORS, OWNERS AND PROPERTY MANAGERS

A. Monitoring and Reporting Procedure

1. Monitoring and Reporting Procedures for **BMR Ownership Units**

   MOH shall monitor and require occupancy certification for **BMR ownership units** on an annual basis. Owner(s) of a **BMR unit** will be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding **occupancy status**, changes in title, and any other information **MOH** may reasonably require to monitor compliance with the **BMR unit**s specific **planning approval**s or other **use restriction**s.

2. Monitoring and Reporting Procedures for **BMR Rental Units**

   Project Sponsors of **BMR Rental Unit**s shall retain initial rental application forms and household income documentation for the greater of (i) five (5) years from the date of a tenant's occupancy of a **BMR Rental Unit**, or (ii) the duration of the tenure of the tenant occupying the **BMR unit**. This data may be requested by **MOH**, along with an administrative fee if any is authorized at the time of the request.

   BMR Rental Units shall be monitored by **MOH** on an annual basis to determine the continued eligibility of the BMR renter household. BMR rental households, owner(s) or those charged with the management of affordable BMR rental housing units satisfying the requirements of their **planning approvals** or other **use restrictions** may be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on

a date and at a location determined by **MOH**. The report shall provide information regarding rents, household and income characteristics of tenants of designated affordable units, services provided as part of the housing service such as security, parking, utilities, and any other information **MOH** may reasonably require to monitor compliance with the **BMR unit**'s specific **planning approvals** or other **use restrictions**.

3. Statistical Information for **BMR Units**

MOH may at any time require the **Project Sponsor** to collect information from the owners or tenants of all **BMR units** in the project regarding their ethnicity, gender, age, and such other information as may be requested to allow **MOH** to verify that there have been no discriminatory practices in the selection of such tenants or owners. The collection of such information shall be conducted in a manner and using a form acceptable to **MOH**, ensuring that the information is being collected after the tenant or owner selection process is complete, and is used solely for statistical reasons and not as the basis for making any decision regarding the qualification of a tenant or owner for occupancy of a **BMR unit**.

B. Compliance Procedures

1. Compliance Through **New Construction** On-Site

a. When required by **planning approvals** or other applicable **use restrictions** to adhere to the **Inclusionary Ordinance**, the **Project Sponsor** may provide the number and type of **BMR units** satisfying the **planning approvals** or other applicable **use restrictions** through the construction of said units on the site of the **principal project**.

b. **Project Sponsors** who submitted a first application to the Planning Department prior to July 18, 2006 for the construction of a project containing ten (10) or more units are required to provide ten (10%) or twelve (12%) percent, (depending on the distinction between an As-of-Right or Conditional Use authorization) of all units as **BMR units**. If the total number of **BMR units** required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above.

c. **Project Sponsors** who submitted a first application to the Planning Department on or after July 18, 2006 must provide fifteen (15%) of all units as **BMR units** for any project containing five (5) or more units or any project requiring rezoning, with exception to projects 120 feet in height or

higher. Projects 120 feet in height or higher which do not require a zoning map amendment or planning code text amendment that result in a net increase in the number of permissible residential units or in a material increase in the net permissible residential square footage are required to provide twelve percent (12%) of all units as **BMR units**. Unless amended by the Board of Supervisors, the exception of projects 120 feet in height or higher shall expire January 1, 2012.

d. If the total number of **BMR units** required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above.

e. Projects receiving Planning Commission or Planning Department approval on or after September 9, 2006, must make a **Declaration of Intent** stating the on-site, off-site and/or in-lieu fee option before receiving first planning approval. **Project Sponsors** may only amend the **Declaration of Intent** if they choose to change from the in-lieu fee or off-site option to the on-site option.

f. **BMR units** must be constructed, completed, and ready for occupancy no later than the **principal project**'s market rate units. Additionally, **BMR units** must be a **comparable unit** to the market rate units.

g. The **Project Sponsor** shall construct and, when applicable, manage the **BMR units**. **BMR units** shall not remain vacant for more than sixty (60) days from the date of **first certificate of occupancy**.

h. Affordable housing units shall not have received development subsidies from any federal, state or local program established for the purpose of providing affordable housing. Any such units receiving such subsidies shall not be counted to satisfy any **affordable housing project** requirements for the on-site development, except as provided in Section IV (B) (1) (i).

i. A **Project Sponsor** may use California Debt Limit Allocation Committee (CDLAC) tax-exempt bonds to help fund its obligations per Section 325.4 and 315.5 of the Planning Code as long as it provides 20% of the units as affordable at 50% of **median income** for on-site housing or 25% of the units as affordable at 50% of **median income** for off-site housing. Except as provided in this subsection, all units provided under this section must meet all of the requirements of the **inclusionary Ordinance** and the **Manual** for either **on- or off-**

site projects. The **income tables** to be used for the CDLAC units are those used by **MOH** for **Inclusionary Housing** units and not those used by the Tax Credit Allocation Committee (TCAC) or CDLAC. Sponsors shall contact **MOH** for the applicable **income table**.

j. **On-site units** satisfying a **Project Sponsor**'s On-site **Inclusionary Ordinance** obligation must be offered as **BMR Rental Unit**s affordable to households earning up to sixty percent (60%) of **median income** on average or as BMR for-sale units affordable to households earning one hundred percent (100%) of **median income**, unless stated otherwise in **planning approvals or other use restriction**s. In the case of **BMR Ownership Units**, the **BMR unit**s in one development may range in price from 80% to 120% **median income** when the average **median income** for the building is 100%. **MOH** will work with **Project Sponsor**s on a case-by-case basis to determine the allowable range of income levels.

k. Projects must record a **Notice of Special Restrictions** (**NSR**) and provide a copy of the **NSR** to **MOH** prior to the issuance of the **first site or building permit**. The **NSR** must identify the restricted **BMR unit**s by unit name or number, the income level of the units, the final approved floor plans that identify the **BMR unit**s, and the portions of the **planning approval**s **or other use restriction**s that reference the **Inclusionary Program** requirements.

l. All **BMR units** that entered the marketing process on or after the effective date of this **Manual** are restricted in their **resale price** or **rental price** and other applicable restrictions for the **life of the project**. All **BMR units** that entered the marketing process before the final adoption date of this **Manual** are restricted in their **resale price** or **rental price** and other applicable restrictions for 50 years unless otherwise stated in the **planning approvals** or other **use restriction**s for the project.

2. Compliance Through **Conversion** of Use On-Site

The **Conditions of Approval** may provide that the **Project Sponsor** may partially or completely comply with its BMR obligation through the **conversion** of non-residential space to residential units, provided that the-following provision is satisfied:

a. The unit shall satisfy all **City** Codes and standards; or

b. If rear yard, parking, exposure or other residential zoning standards are not met and requirements for exceptions or

variances are met pursuant to the Code, additional **BMR units** or lower income limits on **qualifying households** shall be imposed.

3. Compliance Through **New Construction** Off-Site

a. When required by **planning approvals** or other applicable **use restrictions** to adhere to the **Inclusionary Ordinance**, the **Project Sponsor** may provide the number and type of **BMR units** satisfying the **planning approvals** or other applicable **use restrictions** through the construction of said units off-site from the **principal project**.

b. **Project Sponsors** who submitted a first application to the Planning Department prior to July 18, 2006 for the construction of a project containing ten (10) or more units must provide fifteen (15%) or seventeen (17%) percent, (depending on the distinction between an As-of-Right or Conditional Use authorization), of all units as **BMR units**. If the total number of **BMR units** required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above.

c. **Project Sponsors** who submitted a first application to the Planning Department on or after July 18, 2006 must provide twenty percent (20%) of all units as **BMR units** for any project containing five (5) or more units or any project requiring rezoning. If the total number of **BMR units** required is not a whole number, the obligation shall be rounded up to the nearest whole number for any portion of .5 or above, with exception to projects 120 feet in height or higher. Projects 120 feet in height or higher which do not require a zoning map amendment or planning code text amendment that result in a net increase in the number of permissible residential units or in a material increase in the net permissible residential square footage are required to provide seventeen percent (17%) of all units as **BMR units**.

d. Projects receiving **Planning Commission** or Planning Department approval on or after September 9, 2006, must make **Declaration of Intent** stating the on-site, off-site and/or in-lieu fee option. **Project Sponsors** may only amend the **Declaration of Intent** if they choose to change from the in-lieu fee or off-site option to the on-site option. Additionally, off-site **BMR units** must be located within a one (1) mile radius of the **principal project**. Off-site units satisfying a **Project Sponsor**'s Inclusionary obligation must be offered as **BMR Rental Units** for the **life of the project** or as BMR for-sale

units affordable to households earning up to eighty percent (80%) of **median income**.

e. **BMR unit**s must be constructed, completed, and ready for occupancy no later than the **principal project**'s market rate units.

f. The **Project Sponsor** shall construct and, when applicable, manage the **BMR unit**s. **BMR unit**s shall not remain vacant for more than sixty (60) days from the date of the **certificate of final completion and occupancy.**

g. Affordable housing units shall not have received development subsidies from any federal, state or local program established for the purpose of providing affordable housing. Any such units receiving such subsidies shall not be counted to satisfy any affordable housing requirements for the on-site development except as provided in Section IV (3) (h) below.

h. A **Project Sponsor** may use California Debt Limit Allocation Committee (CDLAC) tax-exempt bonds to help fund its obligations per Section 325.4 and 315.5 of the Planning Code as long as it provides 20% of the units as affordable at 50% of **median income** for on-site housing or 25% of the units as affordable at 50% of **median income** for off-site housing. Except as provided in this subsection, all units provided under this section must meet all of the requirements of the **inclusionary Ordinance** and the **Manual** for either **on- or off-site projects**. The **income tables** to be used for the CDLAC units are those used by **MOH** for **Inclusionary Housing** units and not those used by the Tax Credit Allocation Committee (TCAC) or CDLAC. Sponsors shall contact **MOH** for the applicable **income table**.

i. **On-site units** satisfying a **Project Sponsor**'s Off-site **Inclusionary Ordinance** obligation must be offered as **BMR Rental Unit**s affordable to households earning up to sixty percent (60%) of **median income** or as **BMR ownership units** affordable to households earning eighty percent (80%) of **median income** on average, unless stated otherwise in **planning approval**s or other **use restriction**s.

j. Projects must record a **Notice of Special Restrictions** (**NSR**) and provide a copy of the **NSR** to **MOH** prior to the issuance of the **first site or building permit**. The **NSR** must identify the restricted **BMR unit**s by unit name or number, the income level of the units, the final approved floor plans that identify the **BMR unit**s, and the portions of the **planning**

approvals or other use restrictions that reference the **Inclusionary Program** requirements.

k. All **BMR units** that entered the marketing process on or after the effective date of this **Manual** are restricted in their **resale price** or **rental price** and other applicable restrictions for the **life of the project**. All **BMR units** that entered the marketing process before the final adoption date of this **Manual** are restricted in their **resale price** or **rental price** and other applicable restrictions for 50 years unless otherwise stated in the **planning approvals** or other **use restrictions** for the project.

l. Quality Standards for Off-Site **BMR Units**

All BMR units constructed off-site under the provisions of Section 315.5 shall be of good quality and generally equivalent to current market rate housing standards commonplace in San Francisco as determined by the **Zoning Administrator** in accordance with official Planning Department policy. Off-site affordable units shall be comparable in number of bedrooms, number of bathrooms, exterior appearance and overall quality of construction to market rate units in the **principal project**, and shall meet at a minimum, or exceed, the following standards:

i. Individual Unit Sizes

Average individual unit square footages shall be no less than 70% of the average **principal project** unit square footage for corresponding unit types classified by number of bedrooms, and in no case shall individual unit square footages be less than the following for each unit type:

Studios:	250 square feet
1-Bedrooms:	500 square feet
2-Bedrooms:	800 square feet
3-Bedrooms:	1,000 square feet
4-Bedrooms:	1,250 square feet

Exceptions to these square footage minimums may be made at the **Zoning Administrator** 's discretion where the **principal projects** average unit size by corresponding unit type classification is less than these minimums. When using such discretion, the **Zoning Administrator** shall take into account any anticipated occupant needs of the **BMR units** for a particular development.

The average off-site **BMR unit** size for a given unit type may be permitted to be less than 70% of the average size of the corresponding unit type of the **principal project** at the discretion of the **Zoning Administrator** on a case-by-case basis, provided there is a corresponding increase in unit numbers and all other provisions of this section are met. No reduction in the required total minimum **BMR unit** square footage per Section 315.5(d) of the Planning Code shall be permitted.

ii. Design of Off-site **BMR units**

(a) Room sizes

(i) No required bedroom shall be smaller than 120 square feet, and at least one bedroom in every unit, except for studios shall be a minimum of 144 square feet. The minimum horizontal dimension for any bedroom, excluding alcoves not included in the minimum square foot calculation, shall be 10 feet.

(ii) Primary rooms in studios shall be no less than 165 square feet excluding any contiguous kitchen area. The minimum horizontal dimension for any such primary room, excluding alcoves not included in the minimum square foot calculation, shall be 11 feet.

(iii) No living room shall be smaller than 144 square feet, with a minimum dimension excluding alcoves not included in the minimum square foot calculation, of 11 feet.

(iv) At least one bathroom shall meet ADA size requirements, and all other full bathrooms required by this section must be at least 40 square feet in size.

(v) Smaller room size minimums may be permitted at the discretion of the **Zoning Administrator** on a case-by-case basis, if such smaller room sizes are typical of the principal market rate

project and are consistent with current **City** building and housing codes.

(b) Interior Heights

Prevailing floor-to-ceiling heights in each unit shall be no less than 8'-6". Lower ceiling heights in bathrooms, hallways, or small portions of other rooms may be permitted to allow for central heat and air ductwork where necessary, but in no case shall any ceiling height in such areas be less than 8'-0".

(c) Kitchen and Bathroom Amenities

(vi) At a minimum, all kitchens shall have a full size four-burner cook top and full size oven, with built-in exhaust hood/microwave oven unit (or an equivalent thereof), full size kitchen sink with in-drain electric disposal, full size dishwasher, full size refrigerator/freezer, good quality upper and lower level cabinets with doors, quality counter top surfaces, and a suitable good quality floor surface. While appliances and finishes need not match or be equivalent to those in the **principal project**, they should be new and of good quality in terms of performance, durability and appearance. At the discretion of the **Zoning Administrator**, appliance sizes may be scaled down for studio units if such downsizing is typical of the principal market rate project. For the purpose of preserving interior materials or character of older buildings or providing aesthetic compatibility therein, fully restored vintage appliances and finishes may be used as long as they are of good quality, durability, and in good working condition.

(vii) Bathrooms shall consist of a shower stall, toilet and lavatory. At least one bathroom in each unit shall have both a shower stall and standard size tub or a combination tub-shower unit.

(d) Closets

Each **dwelling unit** shall have a coat closet and a linen closet, plus a closet for each bedroom. Minimum dimensions for coat closet shall be 4'X 2'. Minimum closet dimensions for required linen closet shall be 36"X 18". Minimum closet size for the first/master bedroom shall be 16 square feet with a minimum depth of two feet. Minimum closet size for each additional bedroom shall be 12 square feet with a minimum depth of two feet.

(e) Laundry facilities

Off-site BMR projects shall provide laundry facilities comparable to the **principal project**. Each unit shall contain laundry facilities if such facilities are provided in the **principal project**. Each floor shall contain a laundry facility if such facilities are in the **principal project**, with one full-size washer and one-full size dryer for every four units per floor. There shall be a common laundry room for the entire building if such a facility is provided in the **principal project** with one washer and one dryer unit for every eight units. Individual laundry facilities within units shall consist of both a washer and dryer unit. Studios, one- and two-bedroom units may utilize stacker units; three bedroom units and larger shall have full size laundry machine units. Laundry machines shall be new and of good quality and durability.

(f) Finish qualities

(viii) Finish qualities throughout **dwelling unit**s and common areas including: doors; windows; wall and floor materials and finishes; bathroom finishes and fixtures; trim; hardware; lighting and other electric features, need not match or be equivalent to that of the **principal project**, but should be new and of good quality in terms of

performance, functionality, durability and appearance and should reflect current residential interior styles, except in cases where vintage styles are appropriate to the interior finish design of the building, or where it is desired to preserve historic features or finishes.

iii. Smaller room size minimums may be permitted at the discretion of the **Zoning Administrator** on a case-by-case basis, if such smaller room sizes are typical of the principal market rate project and are consistent with current **City** building and housing codes.

iv. The standards in this section may be reduced at the discretion of the **Zoning Administrator** on a case-by-case basis provided the intent of this section – that all affordable units shall be of good quality and generally equivalent to current market rate housing standards commonplace in San Francisco - is generally being met as determined by the **Zoning Administrator**. Absent timely amendments to this section, requirements may be added or eliminated at the discretion of the **Zoning Administrator** to allow for changes in market standards or in technology. In adding or eliminating such requirements, the **Zoning Administrator** shall take into account the likely occupancy of the **Off-site BMR unit**s in consultation with **MOH**.

4. Compliance Through In-Lieu Fee Payment

a. When permitted by **planning approvals** or other applicable **use restriction**s, the **Project Sponsor** may pay an in-lieu fee to satisfy the **Inclusionary Ordinance** requirements. The per-unit size fee shall be updated annually on July 1.

b. The fee is established as the amount of the affordability gap identified in the 2006 Planning Department Nexus Study for the Inclusionary Housing Program. Section 315.6 of the Planning Code calls for fees to be adjusted annually using the annual percentage change in the Construction Cost Index as published by Engineering News Report (ENR).

c. **MOH** shall conduct a comprehensive study of the in lieu fee structure every five years.

d. In lieu fees for developments that received their **first site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size.

e. Projects receiving Planning Commission or Planning Department approval on or after September 9, 2006 must make a **Declaration of Intent** stating the on-site, off-site and/or in-lieu fee option prior to project approval. **Project Sponsors** may only amend the **Declaration of Intent** if they choose to change from the in-lieu fee or off-site option to the on-site option. Projects must provide a complete in-lieu fee payment before the issuance of the **first site or building permit.**

f. The in lieu fee unit requirement shall be calculated by using the direct fractional result of the total number of units multiplied by the percentage of off-site housing required, rather than rounding up the resulting figure.

g. The **Project Sponsor** shall request an in-lieu fee determination from **MOH** in the form of a letter. **MOH** shall provide a fee determination letter within fifteen (15) business days of the receipt of the request and the letter shall expire in thirty (30) business days. In cases where the determination has expired, the **Project Sponsor** will be required to request an updated determination in order to make the payment to the Treasurer's Office. The in-lieu fee request letter shall contain the following:

i. **Project Sponsor** contact information
ii. The name and address of the project
iii. Copies of all applicable **planning approvals**
iv. The number of total units by unit size

h. MOH may require the completion of a standard form in order to request an in lieu fee determination.

i. Prior to issuance by **DBI** of the **first site or building permit** for the project applicant, the **Project Sponsor** must have paid in full the sum required to the San Francisco Treasurer's Office.

C. Initial Sales Procedures for **BMR Ownership Units**

1. Request for Pricing for **BMR Ownership Units**

a. Prior to marketing a **BMR ownership unit** for initial sale, the **Project Sponsor** shall transmit a copy of the **Notice of**

Special Restrictions ("**NSR**"), final **planning approval**, approved floor plans indicating the location of the **BMR units** in the building, and final **HOA dues** for each **BMR unit** to **MOH**, together with a request for determination of initial sales price. The request for prices shall be submitted no sooner than 60 days prior to the beginning of the marketing period for the **BMR units** and at no time sooner than 6 months before the issuance of the **First Certificate of Occupancy** for the development. The pricing shall be valid for thirty (30) days and shall serve as the final pricing for the **BMR units** only upon approval of the **Marketing Plan** for the **BMR units**.

b. MOH may require the completion of a standard form in order to request an in **BMR unit** pricing.

2. Methodology for Pricing Initial Sale **BMR Ownership Units**

a. **MOH** shall calculate the initial sales price of the **BMR unit** according to the following assumptions: (i) the income limits specified in **planning approvals** or other **use restriction** documents; (ii) total payments of no more than thirty-three (33) percent of the gross monthly income, based on the income limits required by **planning approvals** or other **use restrictions** and including an allowance for taxes, insurance, homeowner or association's fees and related costs; (iii) a mortgage interest rate as identified by **MOH** that is the higher of the ten-year rolling average of interest rate data, based on 30-year interest rate data provided by Fannie Mae, Freddie Mac or an equivalent, nationally recognized mortgage lending institution; and (iv) a ten (10) percent down payment assumption. **MOH** shall transmit this information to the **Project Sponsor** within ten (10) working days after receipt of the request for determination.

b. The **income table** used to calculate the income level of a BMR household shall be determined by the date on which the principal project for which the household applies received its **first site or building permit**. Income levels for buyers in principal projects that received their **first site or site or building permit** before September 9, 2006 will be reviewed using the **HUD Area Median Income** as adjusted for household size. Income levels for buyers in principal projects that received their **first site or site or building permit** on or after September 9, 2006 will be reviewed using the **San Francisco Median Income** as adjusted for household size. All **off-site projects** will be held to the date on which the principal project received its first site or building permit.

3. Parking Space Policy for **BMR Ownership Units**

a. In developments in which parking is sold or leased as a part of the sales price for market rate units, parking spaces shall be granted to BMR buyers (1) at the same ratio of parking spaces to residential units, as identified in the **planning approval**s or other **use restrictions** for the building overall and (2) within the maximum purchase price set by **MOH**. All parking spaces granted to BMR buyer households shall be resold or re-leased with the **BMR unit** upon resale.

b. In developments in which parking is "**unbundled**," or sold or leased separately from every residential unit in a development, parking spaces shall be made available to BMR buyers at the same ratio of parking spaces to residential units as identified in **planning approval**s or other **use restrictions** for the building overall. The sales price of each **BMR unit**, as determined by **MOH**, shall be reduced by the cost of constructing a parking space (as determined by **MOH**) multiplied by the ratio of parking spaces to units in the building overall. The sponsor may then charge the BMR buyer the lowest market rate price available for a parking space to any buyer in the building.

The details of this policy are as follows:

i. Sponsors must offer BMR buyers the opportunity to purchase or lease parking spaces according to the overall ratio of parking spaces to units in the building.

ii. In developments where 1:1 parking is available in the building, the price of each **BMR unit** will be lowered by a standardized amount equivalent to the cost of constructing either a structured, above-ground parking space or a below-grade parking space, exact amount to be established by **MOH** through cost analysis and adjusted annually.

iii. In developments with less than 1:1 parking availability, **MOH** will lower the price of each **BMR unit** by an amount equivalent to the cost of constructing either a structured, above-ground parking space or a below-grade parking space multiplied by the ratio of parking spaces to units in the building overall.

iv. The price of each **BMR unit** will be reduced regardless of the BMR buyer household's choice to purchase or lease a parking space.

v. BMR buyers must be offered the opportunity to purchase or lease parking at the lowest market rate price offered to any buyer in the **housing development**.

vi. This policy applies only to developments in which the parking is 100% **unbundled**, or sold or leased separately, from the all units in the development.

vii. **Project Sponsors** cannot charge special fees for parking to BMR buyers that are not charged to all buyers.

viii. A first parking space that is purchased either (1) at the same time that the **BMR unit** is initially purchased or (2) purchased by BMR owner household anytime after the initial purchase of the **BMR unit** shall be re-sold with the **BMR unit** upon resale of the unit. The price of the parking space will be governed by the same limits as the overall **resale price** as outlined in Section II (D) (5).

ix. The price of a parking space must never exceed the maximum established during the initial marketing of the units, but it may fall below this price.

x. In buildings with less than 1:1 parking, the opportunity to purchase or lease a space will be allocated by lottery rank.

xi. BMR households may purchase or lease a second parking space at any time without any restrictions placed on the Project Sponsor or the BMR buyer household.

4. Marketing Procedures for **BMR Ownership Units**

The **Project Sponsor** shall commence marketing of the **BMR unit** according to the procedures set forth in Section IV (E) of this manual.

5. Verification of Owner Qualification for **BMR Ownership Units**

a. At least sixty (60) days prior to the anticipated **close of escrow**, the **Project Sponsor** shall submit to **MOH** for approval the following documentation:

i. An application from the proposed purchaser on a form specified by **MOH**;

ii. Supporting documentation from all members 18 years and older of the purchaser household, including:

(a) Past three (3) years IRS returns;
(b) Past three (3) years W-2 forms;
(c) Three (3) current and consecutive pay stubs or equivalent;
(d) Three (3) current and consecutive statements from every liquid asset account or personal cash holdings, including all custodial accounts held for minors;
(e) Verification of San Francisco residency or employment;
(f) Verification of completion of an approved **First-time Home Buyer Education** workshop.

b. To proceed with a **BMR unit** purchase post-lottery, the BMR buyer's lender or sales agent must supply the following documentation:

i. A completed sales agreement;
ii. An appraisal showing the **Appraised Fair Market Value** of the **BMR unit**;
iii. A mortgage loan application to an institutional lender;
iv. A Preliminary Title Report for the **BMR unit**.

6. Buyer Approval for **BMR Ownership Units**

a. Upon receipt of a complete BMR homeownership application, **MOH** shall verify the household qualification within fifteen (15) working days.

b. **Upon receipt of** lender and sales contract documentation, **MOH** shall draft **escrow closing documents** within five (5) working days.

c. Buyer Time to Qualify

The **Project Sponsor** shall allow the proposed purchaser no less than thirty (30) days from the time of the signing of the sales contract to qualify for mortgage financing and no more than sixty (60) days.

7. Financing for **BMR Ownership Units**

The **Project Sponsor** shall not allow mortgage financing that includes unreasonable or predatory fees associated with the loan.

Specifically approved and disapproved loan types are outlined in Section II (C) of this **Manual**.

8. Restrictions on **BMR Ownership Units**

   The **Project Sponsor** must comply with the documentation and enforcement procedures contained in Section J of this manual. **MOH** shall prepare documentation to be placed into escrow, including (1) a Promissory Note, as applicable, for the difference in the appraised value and the **BMR unit** sales price as described in Section J; (2) a Deed of Trust securing the City's interest in the **BMR unit**, (3) a Grant of Right of First Refusal giving the **City** the right to find an eligible buyer should the **BMR unit** be sold; and (4) certification that the purchaser is aware of the special restrictions on the **BMR unit**.

9. Transaction Fees for **BMR Ownership Units**

   The **Project Sponsor** shall pay all usual, customary and reasonable transaction costs normally borne by the seller in a residential real estate transaction, including but not limited to broker fees and real estate transfer taxes.

10. Inability to Find a Buyer for a **BMR Ownership Unit**

    In cases where, despite the owners good faith efforts, no **first-time homebuyer household** purchaser of the required income level has contracted to purchase a **BMR Ownership Unit** within six (6) months after the lottery for the **BMR units**, the owner shall inform **MOH**, which may then increase the permissible income levels for prospective purchasers of that unit up to a maximum twenty (20) percent over the income percentage limit specified in **planning approvals** or other **use restrictions**, but shall not increase any current or future permissible sales price of that unit as indicated in **planning approvals** or other **use restrictions**.

D. Initial Rental Procedures of **BMR Rental Units**

1. Request for Initial Rental Rates for **BMR Rental Units**

   a. Prior to marketing a **BMR Ownership Unit** for initial rental, the **Project Sponsor** shall transmit (1) a copy of the **Notice of Special Restrictions** ("**NSR**"); (2) the final Planning Motion or planning approval for the development; and (3) approved floor plans indicating the location of the **BMR units** in the building, together with a request for determination of initial rent levels. The request for rent levels shall be submitted no sooner than 6 months before the issuance of the **First Certificate of Occupancy** for the development.

b. Within ten (10) working days after receipt of a complete request for determination, **MOH** shall calculate the **maximum monthly rent** for each **BMR unit**, adjusted for unit size, based on the percent of **median income** established in the **Conditions of Approval** or other **use restriction**s and the then-existing **median income** amounts and shall transmit this information to the **Project Sponsor**.

2. Methodology for Setting Initial Rent Levels for **BMR Rental Unit**s

a. **MOH** shall calculate initial rent levels of the **BMR Rental Unit** according to the following assumptions: (i) the income limits specified in the **Conditions of Approval** or other **use restriction** documents; (ii) total payments of no more than thirty (30) percent of the gross monthly income, based on the income limits required by the **Conditions of Approval** or other **use restriction**s.

b. The income table used to calculate the income level of a BMR household and the subsequent **BMR unit** rent shall be determined by the date on which the project received its **first site or building permit.** Initial rent levels for **BMR Rental Unit**s in developments that received their **first site or building permit** before September 9, 2006 will be calculated using the **HUD Area Median Income** as adjusted for household size. Initial rent levels for **BMR Rental Unit**s in developments that received their **first site or building permit** on or after September 9, 2006 will be calculated using the **San Francisco Median Income** as adjusted for household size.

3. Parking Space Policy for **BMR Rental Unit**s

a. In developments in which parking spaces are provided to renters within the rent for market rate units, parking spaces shall be granted to BMR renters (1) at the same ratio of parking spaces to residential units as identified in **planning approvals** or other **use restrictions** for the building overall and (2) BMR renters shall be granted the parking space within the **maximum monthly rent** set by **MOH**.

b. In developments in which parking is "**unbundled**," or rented separately from every residential unit in a development, parking spaces shall be made available to BMR renters at the same ratio of parking spaces to residential units as identified in **planning approvals** or other **use restrictions** for the building overall. The rental price of each **BMR unit**, as determined by **MOH**, shall be reduced by the cost of constructing the parking space, as determined by MOH, multiplied by the ratio of

parking spaces to units in the building. This amount will be amortized over a 30-year period. The sponsor may then charge the BMR renter the lowest market rate rent available to any renter in the building.

The details of this policy are as follows:

i. Sponsors must offer BMR renter the opportunity to rent parking spaces according to the ratio of parking spaces to overall units in the building.

ii. In developments where 1:1 parking is available in the building, the rent of each **BMR unit** will be lowered by a standardized amount equivalent to the cost of constructing either a structured, above-ground parking space or a below-grade parking space, exact amount to be established by **MOH** through cost analysis and adjusted annually.

iii. In developments with less than 1:1 parking availability, **MOH** will lower the price of each **BMR unit** by an amount equivalent to the cost constructing either a structured, above-ground parking space or a below-grade parking space and multiplied by the ratio of parking spaces to units.

iv. In developments where 1:1 parking is available in the building, **MOH** will lower the maximum rent of each **BMR unit** by a standardized amount equivalent to the cost of constructing either a structured parking space or a below-grade parking space amortized over a 30-year period, exact amount to be established by **MOH**.

v. This amount will be deducted from the monthly rent of each **BMR unit** regardless of the renter's decision to lease a parking space.

vi. In developments with less than 1:1 parking availability, **MOH** will lower the maximum rent of each **BMR unit** by an amount equivalent to the monthly cost of parking in either a structured parking space or a below-grade parking space amortized over a 30-year period and multiplied by the ratio of parking spaces to units.

vii. BMR buyers must be offered the opportunity to rent parking at the lowest market rate rent offered to any market rate renter in the development.

viii. This policy applies only to developments in which the parking is 100% **unbundled**, or rented separately, from the all units in the development.

ix. **Project Sponsor**s cannot charge special fees for parking to BMR renters that are not charged to all renters.

x. Parking spaces rented with rental **BMR unit**s must be offered to subsequent renters upon re-rental of the unit.

xi. In buildings with less than 1:1 parking, the opportunity to rent a space will be allocated by lottery rank.

4. Marketing Procedures for **BMR Rental Unit**s

   The **Project Sponsor** shall commence marketing the **BMR unit**(s) according to the procedures set forth in Section IV (E) of this manual.

5. Verification of Renter Qualification for **BMR Rental Unit**s

   At least thirty (30) days prior to the anticipated date of lease, the **Project Sponsor** shall submit to **MOH** for approval the following documentation:

   a. A complete MOH BMR rental application from the proposed renter household;

   b. Supporting documentation from all members of the BMR renter household, including:

      i. Past one (1) year IRS returns;
      ii. Past one (1) year W-2 forms;
      iii. Three (3) current and consecutive pay stubs or equivalent;
      iv. Three (3) recent and consecutive statements from every liquid asset account and personal cash holdings, including custodial account for all minors;
      v. Verification of San Francisco residency or employment.

   c. A sample lease agreement that clearly states the rent to be charged to the new tenant.

6. Renter Approval for **BMR Rental Unit**s

Upon receipt of a complete BMR rental application, supporting documentation, and a sample lease, **MOH** shall verify the household qualification within fifteen (15) working days.

7. Permissible Rent Increases for **BMR Rental Units**

The **Project Sponsor** may increase the **maximum monthly rent** for a **qualifying household** on each anniversary of a qualifying household's occupancy in an amount which does not exceed the amount determined by **MOH** based on the percent of **median income** established in the **planning approvals** or other **use restrictions** and the then-existing income amounts.

8. Rental Rate Upon Subsequent Occupancy by **Qualifying Households** for **BMR Rental Units**

a. The **Project Sponsor** shall notify **MOH** of a vacancy of a **BMR unit** prior to offering the unit for rent and prior to marketing the unit according to the marketing procedures set forth in Sections IV (E) of this manual.

b. Rental rates for **qualifying households** shall not exceed the applicable amounts published in accordance with the provisions of section IV (D) (2) and (3) above.

9. Documentation of Annual Rent Levels for **BMR Rental Units**

The **qualifying household** income limits and **maximum monthly rent** for **BMR units** shall be updated annually and will be available on the **MOH** website. Owner(s) or those charged with the management of affordable BMR rental housing units satisfying the requirements of their **planning approvals** or other **use restrictions** may be required to submit an annual monitoring and enforcement report on a form provided by **MOH** and submitted on a date and at a location determined by **MOH**. The report shall provide information regarding rents, household and income characteristics of tenants of designated affordable units, services provided as part of the housing service such as security, parking, utilities, and any other information **MOH** may reasonably require to monitor compliance with the **BMR units** specific **planning approvals** or other **use restrictions.**

E. Marketing Procedures for Initial Sale and Rental of **BMR Units**

1. General Requirements for Marketing of All Initial Sales and Rentals of **BMR Units**

a. The **Project Sponsor** shall use good faith and affirmative efforts to attract potential qualifying **households** from all

minority and **low income**, **median income** and **moderate income** communities through the marketing and advertising of the **BMR units**. Toward that goal, the **Project Sponsor** shall prepare and provide to **MOH** a copy of the **Marketing Plan** for the sale or rental of the **BMR units** prior to accepting applications or statements of interest for the purchase or lease of the units. No marketing or advertising material shall be distributed or published without the prior written approval of the **Marketing Plan** by **MOH** and all such materials shall be consistent with the approved **Marketing Plan**. Approval or disapproval of the **Marketing Plan** shall be made within ten (10) days of receipt of a complete marketing plan. In instances were the **Marketing Plan** has been disapproved; **MOH** will provide recommendations to remedy any deficiencies.

b. To insure access and outreach to **minority** and **low income**, **median income** and **moderate-income** communities, the **Project Sponsor** must hire as part of the marketing and outreach strategy a **Marketing Consultant** certified by **MOH** as having demonstrated capacity in reaching identified targeted populations. The targeted populations will be identified by **MOH** based on an analysis of the demographic characteristics of **minority** and **low income**, **median income** and **moderate-income** populations of San Francisco, and applicants to the BMR program. A list of certified **Marketing Consultants** will be maintained by **MOH** and updated on at least an annual basis on June 15th.

c. The **Project Sponsor** shall submit the **Marketing Plan** to **MOH** at least thirty (30) days prior to the anticipated commencement of the project's marketing and outreach and at least one-hundred and twenty days prior to the anticipated **close of escrow** for BMR ownership units and lease origination dates for **BMR rental units**.

2. Contents of Marketing Plan

a. **MOH** shall prescribe the form of the **Marketing Plan** and shall provide the format to the **Project Sponsor** for completion and submittal. Unless determined by **MOH** to be inapplicable to a particular project, the **Marketing Plan** shall include:

b. The name, address, email address, and phone number of the **project sponsor**;

c. The name, address, email address, and phone number of the sales or rental agent(s);

d. The **planning approval** for the project;

e. The Notice of Special Restrictions for the project;

f. The name of the City Planner assigned to the **housing project**;

g. A description of the total number of units in the **principal project** or applicable **off-site project**;

h. A description of the total number of market rate or non-**BMR unit**s in the building;

i. A description of the total number of **BMR unit**s in the building;

j. The Home Association Dues (**HOA Dues**) for each **BMR unit**;

k. All amenities included in the sale of the **BMR unit;**

l. Parking available to all residential tenants in the building;

m. Buyer or renter qualifications;

n. Workshop and open house dates;

o. A media plan;

p. A strategy for marketing to residents of the immediate neighborhood;

q. A comprehensive strategy for reaching out to **low-income, median-income, moderate-income** and **minority** communities in San Francisco;

r. Dates and strategy for the application process;

s. Dates and strategy for the lottery selection process;

t. Dates and strategy for the process of working with lottery winners;

u. Marketing materials which clearly define rental or first time homebuyer household eligibility and which specify documentation and monitoring procedures;

v. Notices that buyers of **BMR unit**s are subject to special **use restriction**s, including an acknowledgement of these

restrictions and a sample packet of the City's **escrow closing documents** that each buyer will be expected to execute upon the purchase of a **BMR unit**;

w. On resale, listing of **BMR Ownership Unit**s with the San Francisco Multiple Listing Service (MLS);

x. A list of community housing organizations which are to receive written notification regarding the availability of the BMR units prior to commencement of advertising or marketing of such units;

y. A list of community housing organizations that the **Project Sponsor** or the **Project Sponsor**'s marketing representative must work with in order to meet language or cultural needs of **minority communities**;

z. An attached copy of all **planning approvals**, the **NSR** and approved floor plans associated with the **principal project** and any applicable **off-site project**.

3. Conduct of Marketing Plan

a. No marketing of the **BMR unit**(s) shall begin until the **Project Sponsor** has received written approval of the **Marketing Plan** and confirmation from **MOH** of the number, type, location, and price or rent of the **BMR unit**s and permissible income limits of purchasers or tenants, pursuant to Sections II (A), III (A), IV (C), IV (D) of this manual.

b. The **Project Sponsor** or the **Project Sponsor**'s marketing and sales representative shall give adequate time, in no case less than twenty eight (28) days after first public notification or advertisement, for application submissions.

c. The **Project Sponsor** shall alert sales or rental staff to the **BMR unit**s and provide such staff with a copy of this **Manual** and the special **use restriction**s applicable to the **BMR unit**s.

d. The sales or rental programs and procedures shall not have the effect of excluding or discriminating against any person on the basis of race, religion, national origin, sex, sexual preferences, health status, source of income such as disability insurance, social security, TANF, or any other basis prohibited by federal, state or local law.

e. The **Equal Housing Opportunity symbol** shall be displayed in a visible location at any sales of rental office, and

shall be incorporated in all advertisements and printed materials.

f. Units must be advertised in at least five (5) local newspapers that reach **minority** and **low-income, median income and moderate-income** communities in San Francisco for a period of at least 3 weeks and at least one local newspaper of general San Francisco circulation for at least two Sundays prior to the established application deadlines for the **BMR units**.

g. All available BMR units must be listed on the **MOH** website of available BMR units for at least twenty-eight (28) days prior to the application deadline for the BMR unit(s).

F. Marketing Procedures for Resale of **BMR Ownership Unit**s

Marketing of resale of individual **BMR Ownership Unit**s shall be in compliance with all applicable federal, state and local laws related to fair housing. Owners and their agents may be asked to certify that the units have not been marketed in such a manner as to be discriminatory. The procedures for resales are more fully described in Section I of this Manual.

G. Marketing Procedures for Subsequent Rentals of **BMR Rental Unit**s

1. Marketing of re-rental of individual **BMR Rental Unit**s shall be in compliance with all applicable federal, state and local laws related to **fair housing** rules. Owners and their agents may be asked to certify that the units have not been marketed in such a manner as to be discriminatory.

The sales or rental programs and procedures shall not have the effect of excluding or discriminating against any person on the basis of race, religion, national origin, sex, sexual preferences, health status, source of income such as disability insurance, social security, TANF, or any other basis prohibited by federal, state or local law.

2. Upon re-rental, **BMR Rental Unit** managers must follow the process established by **MOH** for re-renting units. This process includes the following:

a. The **Project Sponsor** shall inform **MOH** at least thirty (30) days prior to the intended lease origination date of a new BMR renter of the availability of any such unit before beginning any general marketing;

b. Units must be listed on the **MOH** website list of available **BMR units** for at least a seven (7) working day period before

an established application review date. Applications must not be reviewed until the seven (7) working day application period has ended;

c. Applicants must complete a **MOH** BMR rental application and return the application and all supporting materials by the application deadline;

d. **Project Sponsors** must follow all **fair housing** rules when choosing a new renter for a **BMR unit**;

e. Marketing of **BMR Rental Units** following the vacancy of any such unit must include advertisement of that unit in at least one print media for at least one Sunday prior to entering into any rental agreement for that unit.

H. Selection of BMR Buyers or Renters at Initial Sale or Rental of **BMR Units**

1. The **Project Sponsor** shall utilize a public lottery to select BMR buyers or renters. The following guidelines shall be applicable to the lottery process:

a. Lotteries for **BMR units** shall be held in a public, accessible location.

b. A non-prioritized list of interested buyers will be kept by **MOH** ("general BMR list"). At least twenty-one (21) days prior to a lottery, all those signed up on the list will be notified of the availability of units and invited to participate in the lottery by **MOH**. The general public will be invited to participate in the lottery, as well.

c. All applicants who have submitted a complete application by the application deadline shall be entered into the lottery.

d. Households submitting significantly incomplete applications may be deemed ineligible to enter the lottery for the purchase or rental of a **BMR unit** or to proceed with a purchase or rental of a **BMR unit** following the lottery.

e. Applicants shall be invited to attend lotteries, but attendance is not mandatory.

f. A representative of **MOH** shall conduct the lottery and record the order of lottery numbers drawn.

g. Within 5 business days, the **Project Sponsor** shall notify all applicants of their position in the lottery and inform **MOH** of the lottery winners' intent to purchase or rent the **BMR unit**.

h. The Project Sponsor shall deliver complete applications and supporting materials of interested lottery winners to **MOH** within 21 days of the lottery date.

i. The Project Sponsor shall adhere to the rank order of the lottery list when offering **BMR units** to lottery winners.

j. Only those household members listed on the BMR application may move in to the BMR unit unless MOH allows the addition of an additional person.

l. **Conversion** of **BMR Rental Unit**s to Ownership Units

When authorized by **planning approval**s or other **use restriction**s placed on a **principal project**, a **BMR Rental Unit** may be permitted to be converted for owner occupancy only upon satisfaction of all of the following additional conditions:

1. If the rental **BMR unit** is subject to **planning approval**s or other **use restrictions** specifying that the **BMR unit** be a rental unit, **conversion** shall be subject to the approval of the Planning Commission;

2. The **conversion** from rental to condominium ownership of the **BMR unit** shall be subject to any applicable **City** procedures, standards, fees and regulations in effect at the time of application;

3. The **BMR unit** must have been maintained in good physical condition as an affordable rental unit at all times since its initial construction;

4. If the **planning approval**s or other **use restrictions** for the **principal project** specified a minimum period during which the **BMR unit** must be rented, that period shall have elapsed;

5. The **Project Sponsor** shall prepare and submit a **Marketing Plan** and conduct sales of the **BMR unit**s in conformity with the Requirements of this **Manual** in force at the time of marketing and sale;

6. The **BMR ownership unit** shall be priced at the level of affordability dictated for the current **BMR rental unit** as stated in the **planning approval**s or other **use restrictions**.

7. The prospective purchaser must be a **first-time homebuyer household** whose combined gross annual household income does not exceed the percentage of **median income** specified in the **planning approval**s or other **use restriction**s for permissible occupancy of the **BMR unit** as a rental unit;

8. Existing tenants who meet the requirements to purchase the **BMR unit** shall be offered a right of first refusal to purchase the unit, which right of first refusal shall afford the tenant at least six (6) months to exercise the right to purchase;

9. Once converted, units shall be subject to all restrictions applicable to the marketing, sale and resale of **BMR Ownership Unit**s as set forth in this **Manual**.

J. Documentation and Enforcement of Sales Restrictions for **BMR Ownership Unit**s

1. At the request of **MOH**, and at the time of the initial or any subsequent sale of a **BMR unit**, the purchaser shall enter into such agreements or other documents as **MOH** may require to ensure that the unit will be subject to the affordability restrictions described in the **planning approval**s or other **use restrictions**.

2. These documents include the following:

a. Promissory Note

i. To secure the obligations contained in the Conditions of Approval, a purchaser of a **BMR unit** shall execute and deliver to the **City** a promissory note in a form prepared by **MOH** (a "BMR Note") in an original principal amount equal to the difference between (i) the **appraised fair market value** of the **BMR unit** at the time of such sale, determined without regard to the sales and rental restrictions on such unit, and (ii) the affordable purchase price owed by the purchaser of that unit at the time of the initial sale of such unit pursuant to the **planning approval**s or other **use restriction**s. All such BMR Notes shall contain the above restrictions on resale and rental of a **BMR unit**. The BMR Note shall provide for a stated rate of deferred interest and/or a stated share of any appreciation in the value of the applicable **BMR unit**.

ii. No BMR Note shall be required if **MOH** determines that the affordable purchase price of the applicable **BMR unit** is approximately equal to the **appraised fair market value** of that unit at the time of its initial sale,

determined without regard to sales or rental restrictions on that unit. In the event that no BMR Note is required for a **BMR unit**, **MOH** may require the recordation of an Acknowledgment of Special Restrictions by the owner of such unit that the unit is subject to the affordability restrictions contained in the **planning approval**s or other **use restriction**s.

iii. Subject to the provision of subparagraph IV (J) (5) below, the BMR Note shall be due and payable, in full, upon (i) the sale of the **BMR unit** to which it pertains, or (ii) in the event of a default of any of the conditions, obligations or covenants contained in the BMR Note (including without limitation the covenant to sell the applicable **BMR unit** in compliance with the **planning approval**s or other **use restriction**s). All funds received by the **City** from the repayment of BMR Notes shall be used to subsidize **low-income** to **moderate-income** housing in the City.

b. Deed of Trust

Repayment of the BMR Note shall be secured by a deed of trust encumbering the applicable **BMR unit** in a form prepared by **MOH**.

c. Grant of Right of First Refusal

BMR buyers shall execute and deliver to the **City** a Grant of Right of First Refusal, a document that requires the seller to notify **MOH** upon resale, giving the **City** the option to exercise their right to substitute a qualified buyer.

d. Buyer Acknowledgment of Special Restrictions

BMR buyers shall execute and deliver to the **City** an Acknowledgement that they have thoroughly reviewed this **Manual** and the recorded **NSR** on the **BMR unit**.

3. Function of Documents

a. Reconveyance of Note and Deed Upon Resale

Upon any resale of a **BMR unit**, assuming (i) that there has been no event of default that is continuing under the existing BMR Note, and (ii) that the resale of the **BMR unit** complies with this **Manual** and the **planning approval**s or other **use restriction**s, **MOH** shall accept a replacement BMR Note made to the order of the **City** by the new

purchaser of the unit, in form and substance acceptable to **MOH**, as full satisfaction of the existing BMR Note by the City, the deed of trust securing the existing BMR Note shall be reconveyed by the City, and the new purchaser of the **BMR unit** shall deliver to the **City** new BMR Note and a new deed of trust securing the new BMR Note and encumbering the applicable **BMR unit**. The principal amount of the new BMR Note shall equal the difference between the **appraised fair market value** of the **BMR unit** and the affordable purchase price owed by the purchaser of such unit at the time of the resale.

b. Term of Note and Deed

i. For **BMR unit**s marketed before the effective date of this **Manual**, the following process applies:

(a) **BMR Ownership Unit**s

Upon the expiration of the 50-year term of the affordability restrictions contained in **planning approval**s or other **use restriction**s for any ownership **BMR unit**, any deed of trust securing a BMR Note shall remain a valid, enforceable lien on the applicable **BMR unit** until the next resale of such unit, at which time the maker of such BMR Note shall pay to the **City** the full amount due under the BMR Note. At such time a BMR Note is repaid pursuant to this subparagraph, the lien of the deed of trust securing such BMR Note shall be released and the unit shall no longer be subject to the affordability restrictions.

(b) **BMR Rental Unit**s

Upon the expiration of the 50-year term of the affordability restrictions contained in the **Conditions of Approval** or by ordinance for any rental **BMR unit** that has remained a rental unit for the duration of the restriction, the unit shall be released from all restrictions and the current building owner may rent the unit at market rate.

ii. For all **BMR unit**s marketed on or after the effective date of this **Manual**, the following process applies:

The **BMR unit** will remain restricted for the **life of the project**. For ownership **BMR unit**s, the BMR note may not be repaid at any time. For rental **BMR unit**s, the rental unit will remain restricted for the **life of the project**.

4. Order of Liens

a. Any liens shall not be subordinated to any other liens or restrictions affecting the project or a **BMR unit** to which the **planning approval**s or other **use restrictions** apply except for the buyer's primary mortgage loan to which the BMR lien may take second place. The BMR lien can only be subordinated to the primary mortgage.

b. The restrictions imposed by **planning approval**s or other **use restrictions**, and any liens recorded pursuant thereto, shall not be subordinated to any other liens or restrictions affecting the project or a **BMR unit** to which the **planning approval**s or other **use restrictions** apply; provided, however, that **MOH** may approve a refinancing of a first-priority mortgage of the **BMR unit** to secure a lower interest rate, in an amount not to exceed the value of the original mortgage plus customary transaction costs.

5. Recordation of Restrictions

Before the issuance of the first site or building permit, a **Notice of Special Restrictions** and other appropriate documentation (including deeds of trust securing the obligations of the purchasers of **BMR unit**s) against the land record shall be filed with the Office of the Recorder of the City and County of San Francisco for the **BMR unit**s in order to implement the **planning approval**s or other **use restrictions**. Such deed restrictions and other recorded documents shall include language restricting the sale of the **BMR unit**s in accordance with **planning approval**s or other **use restrictions**.

K. Conflict of Interest

The **Project Sponsor** may not make an initial sale or rental of a **BMR unit** to the project architect, attorney, prime contractor, or to anyone of its or their employees, directors, officers or agents, or to any of their family members, as determined by **MOH**.

Exhibit F

Developer Obligations from the Community Facilities Plan

The Community Facilities Plan and related Needs Assessment, prepared for the Treasure Island Development Authority ("TIDA"), outlined a community facility program for Treasure Island. The following sets forth Developer obligations with regard to the Community Facilities Program.

Joint Use Police and Fire Station – Developer will construct a facility for use as a joint police/fire station in accordance with the timing set forth in the Schedule of Performance. The facility has been estimated to be approximately 20,000 sq ft, but the final design and program of the facility will be developed in conjunction with the City's Office of Emergency Services and Homeland Security, the San Francisco Fire Department, and the San Francisco Police Department, and will be sized to meet their needs.

The Treasure Island/Yerba Buena Island Design for Development allows this use to be developed within the areas designated as mixed-use and the land use plan identifies the island core as the preferred location.

Community Center Space – At TIDA's election, Developer will create 13,500 sq. ft. of Community Center space or provide a payment to the Treasure Island Development Authority of $9.5M (adjusted for inflation) or a combination thereof. If Developer provides physical space for the Community Center program, it may take the form of (i) a new free-standing building(s), (ii) space(s) within a new residential or commercial building(s) or public parking garages, and/or (iii) renovated space within an existing building(s) that are scheduled to remain as part of the final development program, such as Building One or Building Three. The timing of the provision of space or payment will be determined pursuant to the Community Facilities Subsidy provisions of the DDA.

Gymnasium – TIDA will retain the existing gymnasium for health and fitness activities in its current location and Developer will integrate the building into the surrounding park and open space program.

TIHDI Support Space – At the request of the Treasure Island Homeless Development Initiative ("TIHDI") Developer will provide TIHDI approximately 2,500 sq. ft. of administrative space (expected to be located in Building 1). In addition, TIHDI will be provided up to 9,500 square feet of general social services space. To the extent the general social services space can be co-located within Community Center Space and TIHDI can regularly access this space, the general social services space square footage can be reduced to 5,500 square feet. The delivery of the general social service space must occur prior to the demolition of the Shipshape Building to allow for the continuous operation of the various TIHDI programs currently housed in that facility.

School Improvement Payment – As set forth in Section 13.3.5 of the DDA, Developer will provide a $5.0M subsidy to be used for the refurbishment of school facilities on Treasure Island.

Childcare Facility – At TIDA's election, Developer will create 15,000 sq. ft. (7,500 sq. ft. of indoor space and 7,500 sq. ft. of outdoor space) of Childcare space or provide a payment to the Treasure Island Development Authority of $2.5M - adjusted for inflation. If Developer provides physical space for Childcare, it may take the form of (i) a new free-standing buildings, (ii) space(s) within a new building(s), or (iii) renovated space with an existing building(s) that are scheduled to remain as part of the final development program, such as Building One or Building Three. Developer is obligated to provide this space or provide the funding no later than the first approved Sub-Phase within Major Phase Three or 18 months before the existing facility is no longer operational due to development activity, whichever comes first, so that the facility can remain operational without interruption.

Chapel – TIDA will retain the Chapel in its current location and Developer will integrate the facility into the adjacent park and open space.

Treasure Island Museum - Developer and the Treasure Island Museum Association will work cooperatively to mutually agree on a space(s) and the timing for delivery of such space(s) that is suitable to meet the programmatic and visitor needs necessary to create a viable museum operation. This space is expected to be located in Building One but could be accommodated in other locations acceptable to both Developer and the Treasure Island Museum Association.

Treasure Island Sailing Center – Pursuant to the Schedule of Performance attached to the DDA, Developer will provide the Treasure Island Sailing Center a parcel of land, approximately 2 acres in size on the southeast portion of Treasure Island that is serviced by the infrastructure necessary to allow the Treasure Island Sailing Center to continue its operation at Treasure Island.

Environmental Education Center - Pursuant to the Schedule of Performance attached to the DDA, Developer will improve a site within the open space program to create an environmental learning center on the Island to help with interpretation and understanding of the ecological resources on Treasure Island and Yerba Buena Island. It is anticipated that the Environmental Education Center will start as interpretive signage in the early phases of the project and once the Open Space program has been substantially completed a site will be located on Treasure Island.

Life Learning Academy – TIDA will retain the Life Learning Academy in its existing location and Developer will integrate it into the surrounding development program.

Urban Agricultural Park, Marina Plaza, Parks and Open Space –
Developer's obligations for the Urban Agricultural Park, the Marina Plaza and the various elements of the Parks and Open Space program are set forth in the Parks and Open Space Plan attached as an Exhibit to the DDA.

The location of all facilities not expressly agreed to in the DDA, whether in new buildings or provided within existing structures, are subject to TIDA's approval.

See Schedule of Performance for timing of space provision and payments, unless otherwise noted. All space shall be provided at no cost, unless otherwise indicated.

EXHIBIT G (PUBLIC PROPERTY MAP)

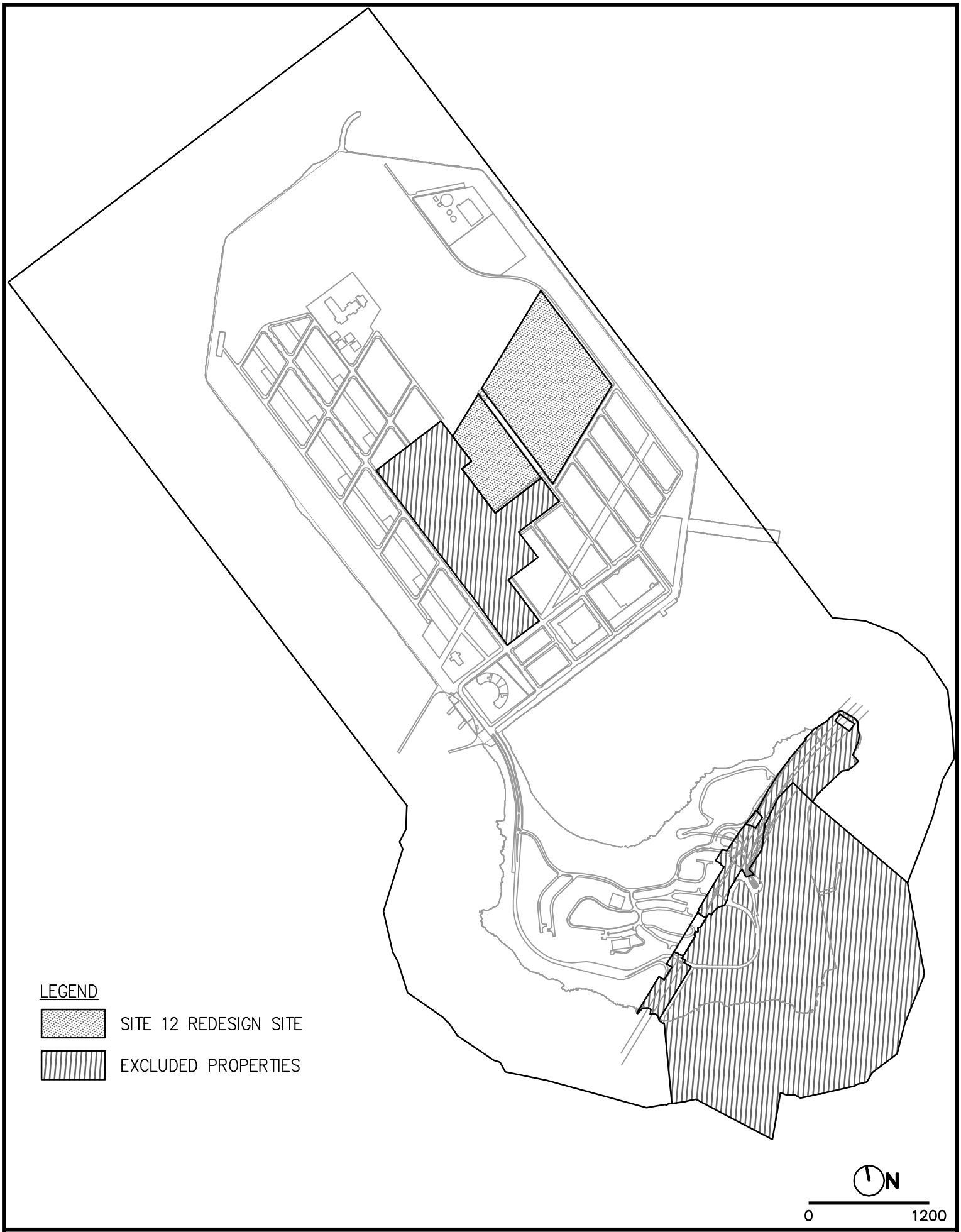

EXHIBIT L: SITE 12 REDESIGN SITE

EXHIBIT N
TRANSPORTATION PLAN OBLIGATIONS

The Treasure Island Development Authority (TIDA) has adopted a Transportation Implementation Plan that describes generally how the transportation program for the Islands will be implemented, including physical construction, transit service, and transportation demand management tools. The Transportation Implementation Plan will be implemented by the Treasure Island Transportation Management Agency (TITMA), in consultation with the Authority, SFMTA, and other transit service providers. The following list comprises the Developer's obligations related to implementation of the transportation program.

Infrastructure and Facilities

- Developer shall construct streets, sidewalks, and bicycle paths, as described and in accordance with the Infrastructure Plan attached to the DDA. The streets shall include bicycle racks, bus shelters, and other streetscape improvements to be proposed by Developer and Approved by the Authority as part of the Streetscape Master Plan required to be submitted prior to the first Major Phase Approval.
- Developer shall construct a ferry quay and terminal in two phases, as described and in accordance with the Infrastructure Plan attached to the DDA.
- Developer shall provide a subsidy of $10 million to the Authority for the reimbursement of design and construction costs associated with the ramps and viaduct projects. The terms of the subsidy are more specifically described in Section 13.3.6 of the DDA.

Transit Capital

- Developer shall purchase up to nine (9) buses for use in the East Bay bus service. The method of procurement and specifications of the buses will be as mutually agreed between Developer, TIDA, and the East Bay bus service provider, AC Transit. Up to five (5) buses will be provided when the service initially begins. Service is anticipated to start with the occupancy of the first new residential units, currently projected in 2015. The balance of the bus acquisition will be provided as needed based on service schedules, but no earlier than the occupancy of the five thousandth (5000^{th}) new residential unit. The parties will coordinate the timing of procurements so that buses are procured as part of the regular procurement process of the service provider.
- Developer shall purchase up to four (4) buses for use in the on-island shuttle service. The method of procurement and specifications of the buses will be as mutually agreed between Developer, TIDA, and the shuttle operator, who will be selected by TITMA. Up to two (2) buses will be provided when the existing Muni 108 ceases to circulate on the Island and the service initially begins, but no earlier than the occupancy of the three thousandth (3000^{th}) unit. In the event that the Muni service ceases to circulate on Island prior to the occupancy of the 3000^{th} unit, the Developer and the Authority

shall meet and confer to discuss making changes to the shuttle procurement schedule to accommodate the earlier start date. The remaining two (2) buses will be provided as needed based on service schedules.

- Developer shall provide a subsidy of $1.8 million to the Authority as matching funds for the purchase of six (6) Muni buses. The terms of the subsidy are more specifically described in Section 13.3.2 (f) of the DDA.

Transportation Demand Management Programs

- Developer shall purchase bicycles and equipment to establish the bicycle library, up to a maximum expenditure of $110,000. The library itself will be located in or near the ferry terminal building, to be constructed by Developer as described and in accordance with the Infrastructure Plan attached to the DDA.
- Developer shall provide up to 500 SF of office space for the TITMA's Administrative Offices, expected to be located in Building 1. The cost of office tenant improvements, office equipment and furniture, and utilities will be borne by the TITMA through its annual budgeting process, which will be supplemented by a Developer subsidy as described in Section 13.3.2 of the DDA.
- TIDA and/or the TITMA, in collaboration with the Developer and through a public process, shall update the Transportation Implementation Plan within one year of the time that building permits are issued for the 2,000th, 4,000th, 6,000th and 8,000th units based on documented travel behavior and the actual performance of the Project's transportation program, including Transportation Demand Management measure that have been implemented to that point, and make adjustments to the Transportation Implementation Plan as necessary to achieve the cumulative goals.

Operating Subsidy

- Developer shall provide an operating subsidy of $30 million, to be drawn by the Authority as needed on an annual basis, as more specifically described in Section 13.3.2 of the DDA.

Additional Transportation Subsidy

- Developer shall pay the TITMA an additional transportation subsidy in the total amount of $5 million, in five (5) consecutive annual installments of $1 million per year, payable in accordance with Section 13.3.2(g) of the DDA if the transit report required to be prepared within one year after the first certificate of occupancy is issued for the 4,000th dwelling unit on the Project Site, as more specifically described in Section 13.3.2(g) of the DDA, shows residential transit mode share is 50% or less.

Exhibit O

Developer Environmental Sustainability Obligations

Overarching Commitment:

Commit to good faith effort to implement the sustainability principles embedded in the Land Use Plan and Development Program while also: (1) retaining the ability to achieve Developer's targeted return on investment as established in the DDA, and (2) maintaining the project's ability to finance the level of public benefits described in the Development Program.

The following represents Developer's environmental sustainability obligations pertaining to the development of Treasure Island and Yerba Buena Island:

LAND USE

1. Commit to achieving Gold certification under the United States Green Building Council's LEED (Leadership in Energy & Environmental Design) for Neighborhood Development (ND) rating system (July 2010 version), while making a good faith effort to achieve the higher Platinum certification.

2. Implement the Land Use Plan attached to the DDA which includes the following fundamental environmentally sustainable elements:

    - Construct a dense, compact, walkable design centered around a robust transit hub;
    - Orient streets and buildings to maximize penetration of sunlight into parks, streets and buildings and to protect streets and open spaces from the prevailing winds, fostering a more comfortable outdoor environment;
    - Establish convenient neighborhood-serving retail and services that lessen the need for driving;
    - Adaptively reuse existing historic structures to honor the heritage of the site and contribute to the uniqueness of the islands;
    - Convert previously developed lands so that approximately 2/3 of the available land area is dedicated for parks and open space;

- Dedicate land for an Urban Agricultural Park to promote local organic food production and prepare land for development of agricultural and community garden uses in accordance with the Design for Development and Infrastructure Plan; and
- Complete additional remediation work beyond that done by the Navy to ensure the safety of future residents and users of Treasure Island, in accordance with the Infrastructure Plan.

3. Implement the Parks and Open Space plan attached to the DDA which includes the following elements:

    - Use of native or regionally appropriate species for landscaping where appropriate, with an emphasis on drought tolerant plantings;
    - Protection of sensitive species in accordance and consistent with applicable laws and the California Environmental Quality Act
    - Funding for on-going operations and maintenance, in accordance with the terms of the DDA;
    - Implementation of certain components of the Yerba Buena Island Habitat Management Plan.

4. Comply with the CEQA Mitigation Monitoring and Reporting Program.

TRANSPORTATION AND INFRASTRUCTURE

1. Provide transportation infrastructure and support for transportation programs and operations in accordance with the Transportation Plan Obligations, and as further detailed in the Infrastructure Plan and DDA. The transportation program includes the following elements:
    - An on-island transit shuttle connecting the islands' neighborhoods;
    - Transit stops buffered against wind and rain;
    - A Ferry Terminal on Treasure Island for ferry service to San Francisco;
    - New bus infrastructure for service to the East Bay;
    - An extensive and connected islands'-wide bicycle network;
    - Mandatory car sharing service available in larger residential and commercial projects; and
    - Required purchase of a prepaid transit voucher for each household.

2. Develop an infrastructure system set forth in the Infrastructure Plan, which includes the following elements:

    - Storm water treatment wetlands appropriately sized to handle projected storm water treatment flows;
    - Provision of water storage on Yerba Buena Island equal to two days average potable water demand plus four hours of fire flow;
    - Construction of a recycling and composting center for composting food and green waste;
    - Erosion and sedimentation control measures during construction based on an approved Storm Water Pollution Prevention Plan for each phase of construction;
    - Improvements to protect against seismic, flooding and climate change risks; and
    - Improvements to provide adequate emergency support services as outlined in the Infrastructure Plan.

ENERGY AND WATER

1. Reduce building energy demand by requiring developers to utilize the Green Building Specifications incorporated into the Design for Development.

2. Incorporate design standards that require building roofs to enable installation of photovoltaic panels or solar thermal applications and to provide appropriate access rights to enable third party energy providers to access rooftops.

3. Construct renewable energy infrastructure that will provide a minimum 5% of peak demand delivered from on-site renewable energy.

4. Achieve at least 15% compliance margin over Title 24 Part 6 2008 California Energy Standards.

5. Provide energy capacity and infrastructure to accommodate potential electric vehicle charging stations in public and private areas.

6. Provide for the use of recycled water for residential, commercial and irrigation applications, and install recycled water infrastructure as well as mandating dual plumbing in new buildings as required by code.

7. Reduce potable water consumption by by requiring developers to utilize the Green Building Specifications incorporated into the Design for Development

8. Install native or regionally appropriate landscaping and maximize vegetation that does not require permanent irrigation for landscaping in public and private open spaces, rooftops and green walls

BUILDING DESIGN AND CONSTRUCTION

1. Prescribe Treasure Island/Yerba Buena Island Green Building Specifications and incorporate into the Design for Development.

2. Use alternatively fueled construction equipment for at least 15% of the construction fleet.

SOLID WASTE

1. Diversion of at least 75% of construction debris from landfills and incinerators back to the manufacturing process or reuse at appropriate sites.

2. Provide for on-site area for separation, storage and loading of trash, recyclables and compostable waste.

3. Commit to good faith efforts to explore feasibility of installing automatic waste management system.

COMMUNITY BENEFITS

1. Provide public and community facilities, in accordance with the Community Facilities Obligations attached to the DDA, to serve the needs of residents and visitors commensurate with the phased development of the project.

2. Comply with the terms and conditions applicable to Developer outlined in the Jobs and Equal Opportunity Program attached to the DDA.

3. Provide developable land and developer subsidy to support the development of affordable housing that equals at least 25% and, depending on the circumstances, up to 30% of the homes built on the islands by implementing Developer's obligations under the Housing Plan attached to the DDA.

EXHIBIT P

DISPOSITION AND DEVELOPMENT AGREEMENT

(TREASURE ISLAND/YERBA BUENA ISLAND)

JOBS AND EQUAL OPPORTUNITY PROGRAM

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INTRODUCTION

Plans for the development of Treasure Island provide for a variety of community benefits for residents of Treasure Island and San Francisco, visitors to the Island and the entire Bay Area region. Many of the benefits to be provided, such as rebuilding the infrastructure, creating affordable housing opportunities, and adding approximately 300 acres of parks and open space have been described in other documents. This Jobs and Equal Opportunity Program (this "***Program***" or "***Jobs EOP***") sets forth the employment and contracting requirements for the Project, including:

- Creating new construction and permanent employment opportunities in retail, maintenance, administrative, recreational, clerical and para-professional jobs, among others, developing programs to direct those jobs to priority groups, and establishing a framework for a job broker program to facilitate and prepare linking the priority groups to the jobs.

- Creating contracting opportunities for small business professional service firms and construction contractors and related small business contractors and their employees with priority opportunities for local San Francisco contractors and their employees.

- Creating economic development opportunities and related support for Treasure Island Homeless Development Initiative ("***TIHDI***") residents and member organizations.

BACKGROUND

A. In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510, 10 U.S.C. §2687 and its subsequent amendments. The Department of Defense initially designated the City as the Local Reuse Authority ("***LRA***") responsible for the conversion of NSTI under the federal disposition process.

B. In 1997, the Board of Supervisors by Resolution No. 380-97 approved and authorized the incorporation of the Authority as a nonprofit public benefit corporation to promote the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of NSTI for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco. Subsequently, the Department of Defense designated the Authority as the LRA for NSTI.

C. In 1996, the City concluded discussions with TIHDI regarding a binding agreement (the "***1996 TIHDI Agreement***") that would, among other things, give TIHDI certain rights to participate in economic development opportunities on Treasure Island, facilitate implementation of a permanent employment program related to activities occurring at Treasure Island and provide TIHDI with certain financial support. Because the California Environmental Quality Act review process had not yet been completed, the 1996 TIHDI Agreement was not executed at that time. Nevertheless, entry into the 1996 TIHDI Agreement was a condition precedent to the approval by the United States Department of Housing and Urban Development

of the 1996 Draft Reuse Plan for Naval Station Treasure Island. And in fact, the Authority and TIHDI have conducted their negotiations as if the 1996 TIHDI Agreement was enforceable today, have implemented substantial portions of the 1996 TIHDI Agreement and continue to act towards each other and exercise rights under the 1996 TIHDI Agreement as if it had been fully executed, including (i) subleasing 250 units of housing on Treasure Island to for use by TIHDI member organizations to provide housing to formerly homeless people, (ii) requiring Treasure Island employers to develop hiring plans to fulfill employment objectives, and (iii) referring employers to the TIHDI Job Broker to meet Project hiring goals, subleasing the existing childcare center to a TIHDI member agency, and contracting with TIHDI member agencies for janitorial and landscaping services. Moreover, the Authority and TIHDI have, concurrently with the DDA, entered into an amended and restated TIHDI Agreement that incorporates the same basic requirements as were originally set forth in the 1996 TIHDI Agreement (the "***TIHDI Agreement***").

D. The TIHDI Agreement has four components: Economic Development and Support Facilities; Employment; Housing; and Support. This Program includes provisions to implement the Economic Development and Support Facilities and Employment Components of the TIHDI Agreement. The Economic Development and Support Facilities Component serves to create revenue-generating opportunities for TIHDI's member organizations and work opportunities on Treasure Island for formerly Homeless and Economically Disadvantaged Persons. The Employment Component serves to establish a long-term employment policy for Treasure Island by requiring future private horizontal and vertical developers and construction employers and future long term lessees and employers to comply with First Source Hiring and other existing hiring goals and requirements and make good faith efforts to meet certain goals for employing formerly homeless and Economically Disadvantaged persons.

E. In 2006, the City established the CityBuild Program, an employment program under the OEWD. The purpose of CityBuild is to ensure equal employment opportunities for San Francisco residents of all backgrounds and genders in construction workforce activities provided under City-sponsored construction projects. CityBuild creates a single, responsible and accountable entity to direct construction employment and training efforts across projects and departments and develops trained, committed men and women to become the construction workforce of the future.

F. The Authority intends that the Project will be implemented by Developer or its assigns, Vertical Developers, and Construction Contractors and their subcontractors, as the case may be, and will consist of: (i) horizontal improvements implemented through the DDA, and (ii) vertical improvements implemented pursuant to Vertical DDAs and constructed on land that Developer has improved pursuant to the DDA. The vertical improvements will include market-rate residential, affordable residential (including opportunities for TIHDI, as described in the TIHDI Agreement and the Housing Plan attached to the DDA), commercial, community facilities, and other improvements, all as described more specifically in the DDA and related documents for the Project. The Authority further intends that the opportunities for long term employment will occur in projects undertaken by Permanent Employers. The Authority will contract separately for the redevelopment of the Marina and other ancillary development. The City and the Authority are subject to the San Francisco Local Hiring Policy for Construction

(Administrative Code Section 6.22(G), as amended from time to time), for all City or Authority contracts covered under the terms thereof.

G. A Term Sheet for the Project was endorsed by the Treasure Island/Yerba Buena Island Citizens Advisory Board and the Authority in October 2006 and by the San Francisco Board of Supervisors in December 2006. The Term Sheet was revised and subsequently endorsed by the Treasure Island/Yerba Buena Island Citizens Advisory Board, the Authority and Board of Supervisors endorsed an Updated Term Sheet in April and May 2010. The Term Sheet anticipated that Developer would enter into a Project Labor Agreement ("***PLA***") for construction work in the Project Area, and that the PLA would be consistent with this Program. The Term Sheet further anticipated that hotel uses and grocery store uses employing over 50 full time employees will be subject to the City's Card Check Ordinance.

H. After the endorsement of the Term Sheet, Developer began the process of negotiating a PLA with the San Francisco Building and Construction Trades craft unions. The Developer anticipates entering into a PLA that incorporates key elements of the TIHDI Agreement in the PLA's "composition of workforce" requirements and creates a mechanism to establish realistic and attainable standards for hiring to provide pathways to good union construction jobs and advancement for Economically Disadvantaged Persons. This Program requires that Construction Contractors, subcontractors, and the TIHDI Job Broker work cooperatively with the CityBuild Program on training, apprenticeship and job referral matters.

SUMMARY

This Program has been jointly prepared by the Authority and the Developer, in consultation with others including TIHDI, OEWD, and other relevant City Agencies, and sets forth the workforce and economic development requirements that will apply to the Project that is the subject of the Disposition and Development Agreement between the Authority and Developer and the Development Agreement between the City and County of San Francisco and Developer for the Treasure Island project (as described in the DDA, the "***Project***"). Any capitalized term used in this Program that is not defined in this Program shall have the meaning given to such term in the DDA.

The purpose of this Program is to ensure training, employment and economic development opportunities are part of the development of the Project. This Program creates a mechanism to provide employment and economic development opportunities for economically disadvantaged persons, San Francisco residents and TIHDI member organizations. The Authority and Developer agree that jobs creation and equal opportunity contracting opportunities in all areas of employment are an essential part of the redevelopment of Treasure Island. It is anticipated that, during the full term of the Project, approximately 2,000 new construction jobs annually and approximately 3,000 new permanent non-construction jobs will be created, and that the planning, design and construction work will provide substantial contracting opportunities for local contractors and professional services firms as well as for countless businesses, employers and organizations who continue to work on Treasure Island. The Authority and Developer agree that it is in the best interests of the Project and the City for a portion of the jobs and contracting opportunities to be directed, to the extent possible based on the type of work required, and

subject to collective bargaining agreements, to local, small and economically disadvantaged companies and individuals whenever there is a qualified candidate.

This Program identifies goals for achieving this objective and outlines certain measures that will be undertaken in order to help ensure that these goals and objectives are successfully met. This Program applies to all horizontal development work and all vertical development work carried out under the DDA, and to new jobs offered by Permanent Employers with respect to the Covered Commercial Operations, and incorporates provisions specific to the Project relating to CityBuild, TIHDI, and the TIHDI Job Broker. In recognition of the unique circumstances and requirements surrounding the Project, the Parties have agreed that this Program will constitute the exclusive workforce requirements for the Project. All Work will be subject to the provisions and requirements of First Source Hiring Ordinance. In addition, the Parties have agreed to additional Program requirements, including requirements to contract with small businesses and to provide opportunities to TIHDI member organization and residents, in accordance with the TIHDI Agreement and as further described below in this Program. All the Authority Projects (which are defined as projects constructed directly by or on behalf of the Authority or the City and County of San Francisco where the Authority or City enters into contracts with contractors and directly expends Authority or City funds, and do not include the Infrastructure and the Storm Water Management Controls, as those terms are defined in the DDA) will be subject to the San Francisco Local Hiring Ordinance, as it may be amended from time to time.

This Jobs EOP sets forth the exclusive employment and trainee requirements for the Project, including all construction undertaken in the Project under the DDA and the Vertical DDAs. This Jobs EOP requires:

- Developer and all Vertical Developers, Construction Contractors and Permanent Employers to enter into a First Source Hiring Agreement that will require good faith efforts to meet the hiring goals for San Francisco Residents and Economically Disadvantaged Persons.

- Developer and all Vertical Developers and Construction Contractors to make good faith efforts to meet the contracting goals for Small Business Enterprises set forth in this Program.

- Developer and the Authority to provide TIHDI Member Organizations with a Right of First Offer for certain service contracts.

- Developer and the Authority to make certain economic development opportunities available to TIHDI and TIHDI Member Organizations.

- Developer provide certain funding and technical assistance to implement this Program.

The foregoing summary is provided for convenience and for informational purposes only. In case of any conflict, the provisions of the Jobs and Equal Opportunity Program and the DDA shall control.

DEFINITIONS

"***1996 TIHDI Agreement***" shall have the meaning set forth in Background Paragraph C of this Jobs EOP.

"***AAA***" shall have the meaning set forth in Exhibit B of this Jobs EOP.

"***Administrative Code***" means the Administrative Code of the City and County of San Francisco as of the Effective Date, with such updates or amendments as permitted under the DA. All references to City codes or ordinances in this Jobs EOP shall mean such codes or ordinances as they exist of the Effective Date, with such updates or amendments as permitted under the DA.

"***AMI***" or ***"Area Median Income"*** means the unadjusted median income for the San Francisco area as published from time to time by the United States Department of Housing and Urban Development ("***HUD***") adjusted solely for household size. If data provided by HUD that is specific to the median income figures for San Francisco are unavailable or are not updated for a period of at least eighteen months, the Area Median Income may be calculated by the Authority using other publicly available and credible data as approved by Developer and the Authority.

"***CEQA***" means the California Environmental Quality Act.

"***City***" means the City and County of San Francisco.

"***CityBuild***" means the employment program known as CityBuild established by the City and administered by OEWD.

"***Construction Contractor***" means a construction contractor hired by or on behalf of Developer or a Vertical Developer who performs Construction Work on the Project Site.

"***Construction Work***" means construction of all Infrastructure and Storm Water Management Controls required or permitted to be made to the Project Site to be carried out by Developer under the DDA, and construction of all Vertical Improvements to be carried out by a Vertical Developer under a Vertical DDA or LDDA, including the initial tenant improvements, through issuance of the first certificate of occupancy.

"***Contracting Party***" shall have the meaning set forth in Section 6.1(a)(iii) of this Jobs EOP.

"***Covered Commercial Operations***" shall mean those commercial (non-construction) operations within the Project Site that must comply with the First Source Hiring Ordinance.

"***Covered Services***" means the services described in Section 6.3 of this Jobs EOP.

"***DA***" means the development agreement for the Project between the Authority and Developer and entered into concurrently with the DDA.

"***DDA***" means the disposition and development agreement for the Project between the Authority and Developer and to which this Jobs EOP is an attachment.

"***Demand for Arbitration***" shall have the meaning set forth in Exhibit B of this Jobs EOP.

"***Developer***" means Treasure Island Community Development, LLC and its Transferees under the DDA.

"***ECA***" shall have the meaning set forth in Section 1.2 of this Jobs EOP.

"***Economically Disadvantaged Persons or Individuals***" shall mean a San Francisco Resident who is any of the following: (i) homeless or formerly homeless; (ii) has an annual income that is not greater than 50% of AMI, (iii) "Economically disadvantaged individuals" as defined in Administrative Code Chapter 83; or (iv) persons who have been unable to secure employment in his or her trade for more than 20 working days during the preceding 6 months. For purposes of the foregoing, a "***homeless person***" means an individual who: (A) lacks a fixed, regular and adequate nighttime residence but spends days and nights in San Francisco; (B) has a primary nighttime residence that is (a) a supervised publicly or privately operated shelter designed to provide temporary living accommodations, including welfare hotels, congregate shelters and transition housing, (b) an institution that provides a temporary residence for individuals who are institutionalized, or (c) a public or private place not designed for, or ordinarily used for sleeping accommodation for human beings; or (C) meets such other definition of "homeless person" as may be adopted or approved by HUD. Examples of "economically disadvantaged individuals," for purposes of this subsection, may include, but not be limited to, the following individuals: individuals exiting the criminal justice system; individuals participating in or completing substance abuse treatment; individuals who receive financial aid for the purpose of obtaining an education or other vocational training program; survivors of domestic violence seeking employment; people with disabilities seeking employment; and veterans seeking employment.

"***First Source Hiring Agreement***" means a first source hiring agreement entered into in accordance with Section 2 of this Jobs EOP.

"***First Source Hiring Ordinance***" means Administrative Code Chapter 83, as updated or amended to the extent permitted under the DA.

"***FSHA***" means the City's First Source Hiring Administration.

"***Good Faith Efforts***" means (i) with respect to First Source Hiring, as set forth in Section 2 of this Jobs EOP and the applicable First Source Hiring Agreement, (ii) with respect to the SBE participation goals, as set forth in the program adopted by the Authority in accordance with Section 3.3 of this Jobs EOP, and (iii) with respect to Covered Services and the TIHDI Economic Development Opportunities, as set forth in the Sections 6.3(d) and 7.1(d) of this Jobs EOP.

"***Great Wilds***" shall have the meaning set forth in Section 6.3(a)(i) of this Jobs EOP.

"***Index"*** shall have the meaning set forth in the DDA.

"***Jobs EOP***" means this Program.

"***LBE Ordinance***" means Administrative Code Chapter 14B.3.

"***Local Hiring Ordinance***" means Administrative Code Section 6.22(G).

"***Non-Construction Work***" means all new jobs offered by Permanent Employers with respect to the Covered Commercial Operations.

"***OLSE***" shall have the meaning set forth in Section 4.1 of this Jobs EOP.

"***Parties***" means the Authority and Developer.

"***Pavilion***" shall have the meaning set forth in Section 7.3(b)(i) of this Jobs EOP.

"***Permanent Employer***" shall mean each employer in a Covered Commercial Operation.

"***Permit***" shall have the meaning set forth in Section 7.3(b)(i) of this Jobs EOP.

"***Permittee***" shall have the meaning set forth in Section 7.3(b)(i) of this Jobs EOP.

"***PLA***" shall have the meaning set forth in Section 8 of this Jobs EOP.

"***Program***" means this Jobs EOP.

"***Project***" shall have the meaning set forth in Summary of this Jobs EOP.

"Reference Date" shall have the meaning set forth in the DDA.

"***ROFO Process***" shall have the meaning set forth in Section 6.1(a) of this Jobs EOP.

"***San Francisco Resident***" shall mean individual who has domiciled, as defined by Section 3.49(b) of the California Election Code, within the City at least seven (7) days before commencing work on a project.

"***Small Business Enterprise***" or "***SBE***" shall have the meaning set forth in Section 3.2(d) of this Jobs EOP.

"***TIHDI"*** means the Treasure Island Homeless Development Initiative, Inc. a California nonprofit public benefit corporation.

"***TIHDI Agreement***" means the agreement entered into by and between the Authority and TIHDI concurrently with the DDA.

"***Toolworks***" shall have the meaning set forth in Section 7.3(b)(i) of this Jobs EOP.

"Vertical Developer" means for a particular Lot or Vertical Improvement (as those terms are defined in the DDA), the Person that is identified as the Vertical Developer in the applicable Vertical DDA related thereto.

"***Work***" means all Construction Work and Non-Construction Work.

"***WVC***" means Wine Valley Catering, a California corporation.

PROGRAM

1. Form of Agreements. Developer and all Vertical Developers, Construction Contractors (and their subcontractors regardless of tier) and Permanent Employers must comply with the applicable provisions of this Program. This Program will be administered through two separate forms of agreement as described in Sections 1.1 and 1.2 of this Jobs EOP, respectively:

1.1 First Source Hiring Agreement. The First Source Hiring requirements of this Jobs EOP will be administered through First Source Hiring Agreements, as described in Section 2 of this Jobs EOP. Developer and all Vertical Developers shall enter into a First Source Hiring Agreement with the FSHA. Developer and Vertical Developers shall also require their respective Construction Contractors and the Permanent Employers, in the applicable contracts with such entities, to enter into separate First Source Hiring Agreements with the FSHA.

1.2 Employment and Contracting Agreement. All provisions of this Program not set forth in the First Source Hiring Agreement shall be administered by the Authority or the Authority's designee (which may include OLSE and CityBuild). Developer and Vertical Developers shall enter into an Employment Contracting Agreement (an "***ECA***") with the Authority incorporating the provisions of this Program. Developer and Vertical Developers shall also require their respective Construction Contractors, in the applicable contracts with such entities, to enter into separate ECAs with the Authority. Each ECA shall require compliance with this Jobs EOP by the party and its respective subcontractors (regardless of tier), provided that subcontractors will not be required to enter into their own ECA. Each ECA shall attach and incorporate a copy of this Jobs EOP, and shall specifically reference the applicable City ordinances as set forth in Section 4.3 of this Jobs EOP.

1.3 Start of Work. No Work may begin until the applicable First Source Hiring Agreement and ECA has been duly executed and delivered by the parties to such agreements.

1.4 General Enforcement and Liability. Each Developer and Vertical Developer shall use good faith efforts, working with the Authority or its designee, to enforce this Program with respect to its Construction Contractors, and each Construction Contractor shall use good faith efforts, working with the Authority or its designee, to enforce this Program with respect to its subcontractors (regardless of tier). However, Developer and Vertical Developers shall not be liable for the failure of their respective Construction Contractors and Construction Contractors shall not be liable for the failure of their subcontractors (except as set forth in the

arbitration provisions attached to this Jobs EOP as Exhibit B). Developer and Vertical Developers shall have no obligations with respect to Permanent Employers other than to include the requirements of this Program in their purchase and sale or lease agreements (as applicable) for Covered Commercial Operations. The Authority, OEWD and OLSE staff agree to work cooperatively to create efficiencies and avoid redundancies, and to implement this Program in good faith, and to work with all of the Project's stakeholders, including TIHDI, the TIHDI Job Broker, Developer and Vertical Developers, Construction Contractors (and their subcontractors) and Permanent Employers, in a fair, nondiscriminatory and consistent manner.

1.5 Third Party Beneficiary. Each First Source Hiring Agreement and ECA shall require the contracting party to ensure that each subcontractor agree as a term of participation on this Project that the City and the Authority shall have third party beneficiary rights under all subcontracts for Work. Such third party beneficiary rights shall be limited to the right to enforce the requirements of the Jobs EOP applicable to such subcontractors directly against the subcontractors.

2. First Source Hiring Goals.

2.1 Covered Work. All Work will be subject to the provisions and requirements of the First Source Hiring Ordinance, with the understanding that (i) each Construction Contractor and Permanent Employer shall enter into a First Source Hiring Agreement with the FHSA, and (ii) if there is any conflict between the terms of this Program and the First Source Hiring Ordinance, the terms of this Program prevail.

2.2 Hiring Goals for Construction Work. Each First Source Agreement will require the Construction Contractor and its subcontractors (regardless of tier) to make good faith efforts to achieve the goals set forth below. The goals are based on cumulative work force hours, not individual trade or task, and are as follows:

(a) 25% of all construction workforce hours filled by qualified Economically Disadvantaged Persons.

(b) 50% of all construction workforce hours filled by qualified San Francisco Residents (including those qualifying under subparagraph (a) above).

2.3 Hiring Goals for Non-Construction Work. Developer and Vertical Developers will each cause each Permanent Employer (through its lease or purchase and sale agreements, as applicable, with the Permanent Employer) to enter into a First Source Hiring Agreement. Permanent Employers shall be required to use good faith efforts to achieve the following goals throughout the 10 year period starting when they begin Covered Commercial Operations and ending 10 years thereafter:

(i) 25% of all permanent non-managerial, non-supervisorial jobs filled by qualified Economically Disadvantaged Persons.

(ii) 50% of all permanent non-managerial, non-supervisorial jobs filled by San Francisco Residents (including those qualifying as part of the 25% referred to immediately above).

2.4 Priorities for Placement. Each First Source Hiring Agreement for both Construction Work and Non-Construction Work shall provide that, subject to any collective bargaining agreements in the building trades and applicable law, first consideration for hiring shall go to qualified Economically Disadvantaged Persons and second consideration to qualified San Francisco Residents with preference for residents of Treasure Island.

2.5 Credit; Flexibility.

(a) Parties to any First Source Hiring Agreement for both Construction Work and Non-Construction Work shall receive credit for meeting the goals set forth in their respective First Source Hiring Agreements by contracting with TIHDI member organizations for services such as grounds maintenance and landscaping, janitorial maintenance, deconstruction or other economic development activities as more fully described below. Any party to a First Source Hiring Agreement seeking to obtain credit for such TIHDI contracting under its respective First Source Hiring Agreement shall do so by providing written notice to both the Authority and the FSHA. The Authority, in consultation with the FSHA, shall make a reasonable determination of what (if any) credit shall be applied to the requesting party's obligations under its First Source Hiring Agreement. Any disputes regarding such credits shall be resolved pursuant to the arbitration provisions of this Program.

(b) Some jobs will be better suited to meeting or exceeding the hiring goals than others, hence all workforce hiring goals under a Construction Contract or by a Permanent Employer will be cumulative, not individual, goals for that Construction Contract or Permanent Employer.

(c) Developer and Vertical Developers shall have the right to reasonably spread the workforce goals, in different percentages, among separate Construction Contracts or Permanent Employers so long as the cumulative goals among all of the Construction Contracts or Permanent Employers at any given time meet the requirements of this Program. The parties shall make such modifications to the applicable First Source Hiring Agreements consistent with Developer and Vertical Developers' allocation. This acknowledgement does not alter in any way the requirement that Developer, Vertical Developers, Construction Contractors, and Permanent Employers comply with good faith effort obligations to meet the participation goals for all components of the Construction Work and Non-Construction Work. During all phases of the Project, sustained efforts will be made to meet the goals outlined in this Program.

(d) Each Construction Contractor and Permanent Employer shall work with CityBuild and/or the TIHDI Job Broker (as appropriate) to ensure that appropriate employment and contracting opportunities are provided to TIHDI Member organizations in accordance with this Jobs EOP.

2.6 Implementation for Construction Work and Non-Construction Work. In order to implement the hiring goals in this Policy, Developer and Vertical Developers, Construction Contractors and Permanent Employers will enter into a First Source Hiring Agreement with the First Source Hiring Administration generally in the forms attached hereto as Exhibit A, with such revisions as may be needed to coordinate and incorporate the provisions of this Jobs EOP. The Parties understand and agree that the final forms for Exhibit A shall be

agreed to by the Parties on or before the first Major Phase Approval, and upon such agreement shall be attached to this Jobs EOP. All the First Source Hiring Agreements shall require the employer to use good faith efforts to meet the hiring goals of this Program. Without limiting the other requirements set forth herein, the First Source Hiring Agreements shall include the following steps:

- Preparing one year job forecasts annually in order to prepare workforce for placement. Such forecasts shall include, without limitation, the types of jobs (trade, skill, industry) and the projected timeline or duration of the jobs.

- Preparing detailed written plans describing how the hiring plans will be implemented.

- Listing all available jobs on Treasure Island with the TIHDI Job Broker Program (for permanent jobs) and with CityBuild (for construction jobs) at least two weeks prior to advertising for applicants elsewhere.

- Providing good faith consideration to all qualified candidates who are screened, eligible and referred by City Build or the TIHDI Job Broker. Should an employer not hire referrals by City Build or the TIHDI Job Broker, the employer must provide a written explanation. However, this Policy shall not require any firm or entity to employ a worker not qualified for the position in question or to employ any particular worker, and that all final hiring decisions shall be made at the discretion of the employment firm or entity, acting in good faith consistent with this Policy.

- Establishing mutually acceptable means of communicating with City Build to give to the TIHDI Job Broker about job openings, information about jobs and providing information about job referral outcomes within a reasonable period of time following a request for such information, as well as when a problem arises at the worksite

- Utilizing the labor compliance programs established by CityBuild for weekly or other periodic payroll certification.

- Requiring participation in the dispute resolution mechanism set forth in Exhibit B attached to this Policy for disputes relating to compliance with the First Source Hiring Ordinance or a First Source Hiring Agreement in the event the FSHA so requires after following the procedures set forth in the First Source Hiring Ordinance.

Pursuant to the Job Broker provisions in the TIHDI Agreement, agencies referring workers to jobs as well as TIHDI Job Broker staff will provide ongoing support to workers and relevant employers. The respective First Source Hiring Agreements will require the employers to make good faith efforts to communicate employment issues where and as appropriate with the workers and with CityBuild. CityBuild will in turn work with the TIHDI Job Broker staff so that effective interventions may be made in certain cases to help maintain sustained employment of referred workers.

2.7 Hiring Plans. The First Source Hiring Agreement shall require the party to that Agreement to submit a hiring plan to FHSA for Approval not less than 60 days before the

date that hiring first commences. Such hiring plan shall contain a detailed description of how the employer intends to meets its hiring goals, which description should include community outreach and recruiting efforts, hiring procedures (e.g., phased hiring), a projected schedule for meeting the goals, and alternative courses of action if its appears that the goals will not be met, and such other matters as may reasonably be requested by FHSA. Each Hiring Plan shall also include an acknowledgment that if the hiring goals are not met, then the employer will have the burden of establishing that it made good faith efforts as required by the First Source Hiring Agreement. During the first 30 days after the hiring plan is submitted, the parties will negotiate in good faith solutions to any deficiencies in the hiring plan identified by FHSA. If FHSA fails to approve the hiring plan after such period, it shall state in writing the specific basis for the failure and the suggested cure(s).

3. Participation Goals for Small Business Enterprises.

3.1 Covered Work. The provisions of this section apply to all Construction Work entered into pursuant to the DDA.

3.2 Contracting SBE Participation Goals. It is a stated goal of the Authority and the City to support small, locally-owned and disadvantaged businesses and contractors. Based on that goal, the following participation goal is set for contracting for Construction Work:

(a) For construction contracts, 41% of the total dollar value of the Horizontal Development Work and Vertical Development Work shall be performed by subcontractors that are qualified Small Business Enterprises (SBEs) located in San Francisco or elsewhere, provided that First Consideration shall be given to SBEs located in San Francisco.

(b) For professional services contracts, 38% of the total dollar value of the professional service contracts shall be performed by qualified SBEs located in San Francisco or elsewhere, provided that first consideration shall be given to SBEs located in San Francisco.

(c) The Parties recognize that achieving these goals may be challenging for particular aspects of the Project and that the goals will therefore be cumulative rather than individual by specific task, provided the Construction Contractor has provided a plan acceptable to the Authority for how it intends to satisfy the cumulative goal.

(d) The Authority shall maintain a list of certified SBEs under this Program. For purposes of this Program, a "***Small Business Enterprise***" or "***SBE***" shall mean a firm that meets the definition of a Small-LBE as set forth in Administrative Code Chapter 14B.3 (Local Business Enterprise and Nondiscrimination in Contracting Ordinance; the "***LBE Ordinance***"), provided that (i) certification of status as an SBE shall be made by the Authority, (ii) each Small-LBE certified under the LBE Ordinance shall automatically qualify as an SBE under this Program and be placed on the Authority's list of certified SBEs, and (iii) businesses that are wholly-owned by a non-profit organization that is a TIHDI member organization shall be deemed an SBE and placed on the Authority's list of certified SBEs, subject to the approval of the Authority.

3.3 Implementation of the SBE Goals. The Authority shall establish reporting, monitoring and other procedures for satisfaction of the SBE participation goals under this

Program that are generally modeled on the requirements of the LBE Ordinance, but shall not include bid discounts for SBEs, the bonding assistance program, or the penalties set forth in the LBE Ordinance as set forth in the Administrative Code Sections 14B.13, 14B.15, 14B.16 and 14B.17. Monitoring of compliance and enforcement of the SBE participation goals shall be performed by the Authority or its designee. For purposes of evidencing 'good faith efforts' to achieve SBE participation goals, the applicable employer shall document its efforts to meet the SBE goals and shall take: (i) the actions set forth below; (ii) additional reasonable actions consistent with Administrative Code Chapter 14B that have been included in the SBE procedures adopted by the Authority (not including bid discounts for SBEs or the bonding assistance program); and (iii) any other actions designed to encourage SBE participation that have been agreed upon by the Authority and Developer:

(a) Identifying and selecting contracting and subcontracting opportunities to solicit and to obtain bids, proposals, or qualifications, as applicable, from a broad range of SBEs and as needed to meet SBE goals;

(b) Advertising for SBE contractors and subcontractors in trade association publications and local business media, and by posting the contracting opportunity on the Authority's website or other centralized City website and in an accessible location, when the contracting opportunity becomes available but in no event less than fifteen (15) calendar days before the date that bids, proposals, qualifications or other submittal documents requested by the applicable Construction Contactor can first be submitted. The advertisement must include information where potential responders may obtain adequate information about the plans, specifications, and requirements for the work.

(c) When the contracting opportunity becomes available but in no event less than fifteen (15) calendar days before the date the responses can first be submitted, contacting at least the requisite number of SBEs by trade certified to perform the identified work as shown on the list maintained by the Authority in accordance with Section 3.2(d).

(d) Performing follow-up contact on the initial solicitation with interested contractors and subcontractors and negotiating in good faith with SBEs and not unjustifiably rejecting their bids.

(e) Encouraging SBEs to attend any prebid meetings that are held to inform potential bidders of contracting opportunities.

(f) Providing SBEs with adequate information about the plans, specifications, and requirements of the contract.

(g) Using the services of community and contractors' groups to assist in the recruitment of SBEs.

4. Other Contracting Requirements.

4.1 Prevailing Wages. All Construction Contractors (and their subcontractors) shall pay prevailing wages in accordance with Administrative Code section 6.22(E). The City's Office of Labor Standards Enforcement ("***OLSE***") enforces labor laws adopted by San Francisco

voters and the San Francisco Board of Supervisors. OLSE ensures that certain contractors comply with prevailing wage regulations, enforces the Minimum Compensation Ordinance and Health Care Accountability Ordinance, and administers the City's Sweatfree Contracting Ordinance (Administrative Code Chapter 12U). OLSE also enforces labor laws of general application, including the San Francisco Minimum Wage Ordinance, Paid Sick Leave Ordinance (Administrative Code Chapter 12W), and Health Care Accountability Ordinance. The Authority designates OLSE as the agency responsible for ensuring that prevailing wages are paid and other payroll requirements are met in connection with the Work.

4.2 Labor Representation ("Card Check") Ordinance. Administrative Code Chapter 23, Article VI shall apply to (i) hotel and restaurant operators that employ more than fifty (50) employees on the Project Site, and (ii) grocery operators that employ more than fifty (50) employees on the Project Site.

4.3 Applicability of City Ordinances. As set forth in Article 27 of the DDA, the following Ordinances of the City and County of San Francisco, as the same are in effect as of the Effective Date of the DDA and as amended or updated to the extent permitted under the Development Agreement, apply to the Project and the Work:

- Non-Discrimination in City Contracts and Benefits Ordinance (Administrative Code Chapter 12B)
- Prevailing Wages (Administrative Code Chapter 6, Section 6.22(E))
- Labor Representation ("Card Check") Ordinance (SF Administrative Code Chapter 23, Article VI)
- First Source Hiring Program (SF Administrative Code Chapter 83)
- Health Care Accountability Ordinance (Administrative Code Chapter 12Q)
- Prohibited Conflicts of Interest (SF Charter Section 15.103, City's Campaign and Governmental Conduct Code Chapter 2, Article III, and California Government Code Section 1090 et seq.)
- Prohibition of Political Activity with City Funds (Administrative Code Chapter 12.G)
- Notification of Limitations on Contributions (SF Campaign and Governmental Conduct Code Section 1.126)
- Sunshine Ordinance (Administrative Code Chapter 67)
- MacBride Principles - Northern Ireland (Administrative Code Chapter 12F)
- Tropical Hardwood and Virgin Redwood Ban (SF Environment Code Chapter 8)
- Resource-Efficient Facilities and Green Building Requirements (SF Environment Code Chapter 7)

- Preservative Treated Wood Containing Arsenic (SF Environment Code Chapter 13)
- Protection of Private Information (Administrative Code Chapter 12M)
- Food Service Waste Reduction Ordinance (SF Environment Code Chapter 16)

Additional provisions apply with respect to work done on property owned by the City and County of San Francisco, as set forth in the DDA. Each ECA and/or First Source Hiring Agreement shall specifically reference and require compliance with the City ordinances listed above. Monitoring, enforcement and remedies for each of the City ordinances shall be as set forth in the ordinance itself.

5. TIHDI Economic Development Opportunities. The TIHDI Agreement identifies various components, including a housing component, to support TIHDI's goals for supporting Economically Disadvantaged Individuals. Sections 6 and 7 of this Jobs EOP are designed to support the economic development component of the TIHDI Agreement; in particular, to create revenue-generating opportunities for TIHDI member organizations and to enhance work opportunities at Treasure Island for Economically Disadvantaged Individuals.

6. Service Contracts.

6.1 General Requirements. It is the intent of the Authority, Developer, and TIHDI to provide to TIHDI rights to negotiate for contracts for its member organizations to provide certain services pursuant to the TIHDI Agreement. It is expressly understood and agreed that TIHDI member organizations wishing to provide service contracts will be expected to present market rate proposals, and any such proposal shall be approved or rejected by the Authority, Developer, or other owners/lessees pursuant to the TIHDI Agreement and based on good faith negotiations between the Authority, Developer, or other owners/lessees and the TIHDI member organization.

(a) Right of First Offer Process. For purposes of this Jobs EOP, the right of first offer process ("***ROFO Process***") consists of the following steps:

(i) The Authority and TIHDI shall work cooperatively and in good faith to identify opportunities to propose service contracts and other economic development opportunities appropriate for TIHDI member organizations.

(ii) The Authority or Developer, as applicable, shall notify TIHDI in writing when such service contracts and other economic development opportunities are ready for bidding.

(iii) One or more TIHDI member organizations will present a market rate contract proposal to the Authority or the applicable contracting party (which is defined as an entity covered by this Program, the "***Contracting Party***") to perform the requested service. The proposal must demonstrate that the TIHDI member organization has sufficient experience and organizational capability, either on its own or in joint venture with another, to perform the required services, subject to subsection 6.1(a)(vi) below.

(iv) The Contracting Party shall thereafter negotiate in good faith exclusively with such TIHDI member organization(s) for a reasonable period of time of not less than two (2) months to attempt to finalize the terms of mutually acceptable service contract(s), which shall have a term of at least one (1) year, with renewals subject to negotiations. Each Contracting Party will have the right to ensure that the services are provided at reasonable market rates, are performed to a first-rate market quality standard, are subject to standard termination rights, and are performed upon other terms as shall be mutually agreed.

(v) If, despite such good faith efforts, the Contracting Party and the applicable TIHDI member organization(s) are unable to finalize the terms of a mutually acceptable service contract then the Contracting Party shall thereafter consider in good faith any proposals by other TIHDI member organizations, in addition to considering any bids by third party service providers for the requested service, subject to subsection 6.1(a)(vi) below.

(vi) All service contracts for which the Authority is the Contracting Party, regardless of whether the service contract is with a TIHDI member organization or a third party service provider, will (i) be subject to the City Ordinances described in Sections 4.1 and 4.3 above, and (ii) will include a requirement that the service provider provide employee training for job advancement. For Authority service contracts issued under Section 6.3(a), the service provider will be required to pay area standard wages as determined by the Authority or the prevailing rate of wages, if any, established by the Board of Supervisors for that category of work. For Authority service contracts issued under Section 6.3(b), the service provider will be required to pay the prevailing rate of wages as determined in accordance with Administrative Code Section 21C.2 or its successor.

6.2 Hiring Credit for Service Contracts. A Contracting Party shall receive credit for satisfaction of its hiring goals through contracting with TIHDI organizations for Covered Services as set forth in Section 6.3 of this Jobs EOP or for Economic Development Opportunities as set forth in Section 7.3 of this Jobs EOP, as well as through direct hires by the Contracting Party. The Contracting Party shall request such a credit in writing with a copy to the Authority and the FSHA. The FSHA, in consultation with the Authority, shall make a reasonable determination regarding such requested credit.

6.3 Covered Services.

(a) Grounds Maintenance and Landscaping. Currently, the Authority contracts for grounds maintenance services with Rubicon Enterprises, a TIHDI member organization. The provisions of this Section 6.3(a) shall apply to any contracts for grounds maintenance services after termination of the existing contract with Rubicon Enterprises.

(i) Subject to any collective bargaining agreements applicable to the performance of grounds maintenance or landscaping services, the Authority shall follow the ROFO Process for grounds maintenance or landscaping contracts for the portions of Treasure Island that are owned or operated by the Authority, and if contracted out by property management for rental housing developments owned or operated by the Authority. Areas within the Project Site that will be owned by the Authority could include the Marina Promenade, the Art

Park along the western shoreline and the area referred to as the "Great Wilds" in the northern portion of the Project.

(ii) Subject to any collective bargaining agreements applicable to the performance of grounds maintenance or landscaping services, Developer and TIHDI shall follow the ROFO Process for grounds maintenance or landscaping contracts that are contracted out for rental housing developments owned or operated by Developer and TIHDI, respectively. To the extent Developer controls the shared public ways (also known as the mews) (and subject to the approval of the City's Department of Public Works if required) Developer will provide TIHDI with a ROFO to present a market-based, competitive bid to perform maintenance on the shared public ways.

(iii) The Authority will require that any agreements transferring all or any portion of the Authority's interest in or rights to use any publicly-owned property will require the transferee to follow the ROFO Process for grounds maintenance or landscaping contracts for any such property. Such properties are expected to include, but are not limited to: Buildings 1, 2 and 3; the Nimitz House Historic District; the common exterior areas of Developer retail uses; neighborhood parks; the gymnasium; and other common exterior public spaces.

(b) Janitorial/Building Maintenance. Currently, the Authority contracts for janitorial and maintenance activities with Toolworks, Inc., a TIHDI member organization. The provisions of this Section 6.3(b) shall apply to any contracts for janitorial or building maintenance services after termination of the Toolworks, Inc. contract.

(i) Subject to any collective bargaining agreements applicable to the performance of janitorial or building maintenance services, the Authority shall follow the ROFO Process for janitorial or building maintenance contracts for the portions of Treasure Island that are owned or operated by the Authority, and if contracted by property management, for rental housing developments owned or operated by the Authority.

(ii) Subject to any collective bargaining agreements applicable to the performance of janitorial or building maintenance services, Developer and TIHDI shall follow the ROFO Process for janitorial or building maintenance contracts that are contracted out by property management for rental housing developments owned or operated by Developer and TIHDI, respectively.

(iii) The Authority will require that any agreements transferring all or any portion of the Authority's interest in or rights to use a property will require the transferee to follow the ROFO Process for janitorial or building maintenance services for any such property. Such properties are expected to include, but are not limited to, Buildings 1, 2 and 3, the Nimitz House Historic District, the interior common areas of Developer retail uses, the gymnasium and other interior public spaces.

(c) Temporary Property Management Services. The provisions of this Section 6.3(c) shall apply to any contracts for temporary property management services for residential projects, including but not limited to desk clerks, moving and cleaning services upon

unit vacancy, and pest remediation in the event regular staffing to otherwise provide the following services is not sufficient and a need for additional resources is required.

(i) Subject to any collective bargaining agreements applicable to the performance of temporary property management services, the Authority shall follow the ROFO Process for temporary property management contracts for the portions of Treasure Island that are owned or operated by the Authority, and if contracted out by property management for rental housing developments owned or operated by the Authority.

(ii) Subject to any collective bargaining agreements applicable to the performance of temporary property management services, Developer, Vertical Developer and TIHDI shall follow the ROFO Process for temporary property management contracts that are contracted out by property management for rental housing developments owned or operated by Developer and TIHDI, respectively.

(iii) The Authority will require that any agreements transferring all or any portion of the Authority's interest in or rights to use a residential property will require the transferee to follow the ROFO Process for temporary property management services for any such property.

(d) Good Faith Efforts Required. The implementation of the goals relating to the Covered Services set forth in this Section 6.3 is premised on the good faith negotiations by the Parties. For purposes of contracting for the Covered Services, "***good faith***" means, at a minimum, that the Contracting Party:

(i) shall have regular, ongoing negotiations with applicable TIHDI member organizations,

(ii) shall negotiate contract terms which are reasonable, market-based and customary for the applicable service; and

(iii) shall not enter into contracts with non-TIHDI member organizations on terms which are less favorable to the Contracting Party than those terms proposed by a TIHDI member organization, provided all other aspects of the proposal are comparable and market-based.

(e) Storage Space. The Authority or Developer will provide an appropriate and reasonable amount of storage space on Treasure Island to TIHDI member organizations performing services as described above in this Section 6.3, on terms to be jointly negotiated between the parties, for tools, supplies and work space needed to implement the contracts for Covered Services.

7. TIHDI Economic Development Opportunities.

7.1 General Requirements.

(a) Pursuant to the TIHDI Agreement, the Authority will provide TIHDI member organizations with the exclusive right to propose at least three (3) economic

development opportunities on properties owned or operated by the Authority, which may include opportunities for small businesses or operations that facilitate extensive job training, employment and comparable opportunities. Developer and the Authority will exercise good faith in negotiating sites or spaces for these development opportunities.

(b) It is the goal of the Authority and TIHDI that each of these opportunities will provide job training and/or regular employment for Economically Disadvantaged Persons. Based on the nature of these opportunities, the timing of the feasibility of their implementation will likely be predicated upon residential occupancy thresholds and development timelines.

(c) The Authority and Developer will each have the right to ensure that these services, contracts, or leases for the Economic Development Opportunities are provided at reasonable market rates, are performed to a first-rate market quality standard, are subject to standard termination rights, and are performed upon other terms as shall be mutually agreed.

(d) The Authority and Developer shall each negotiate in good faith exclusively with the applicable TIHDI member organization(s) for a reasonable period of time of up to six (6) months to attempt to finalize the terms of a mutually acceptable agreement. If, despite such good faith efforts, the Authority and the applicable TIHDI member organization(s) are unable to finalize the terms of a mutually acceptable agreement, then the Authority shall thereafter consider in good faith any proposals by other TIHDI member organizations, in addition to considering any bids by third party service providers for the applicable economic development activity.

(e) Any subcontractor performing services or work under an Economic Development Opportunities contract will be required to utilize the TIHDI Job Broker Program on an ongoing basis and will be subject to the participation goals as described herein.

7.2 Economic Development Opportunities Provided by the Authority.

(a) TIHDI participation in economic development opportunities provided by the Authority could include the following: (1) a multi-purpose conference center, wedding or meeting space, (2) a coffee shop or cafe, (3) catering services (4) operation of the On-Island bicycle lending library, (5) operation of a Crissy Field-like "warming hut," and (6) event recycling and residential recycling education, or other appropriate economic development opportunities that may arise in the future.

(b) The Authority will be solely responsible for informing TIHDI of these opportunities and making these opportunities available to TIHDI member organizations in a timely fashion following presentation by TIHDI of a market-based proposal. Specific procedures for proposing programs for economic development opportunities are set forth in the TIHDI Agreement. The TIHDI economic development opportunities must be financially feasible enterprises that provide job training and employment for TIHDI partner organizations.

7.3 Economic Development Opportunities Provided by Developer.

(a) The ECA between the Authority and Developer shall require that Developer provide TIHDI with a right of first offer to present a market-based, competitive bid to operate an approximate 1,000 square foot cafe in Building 2, a 3 to 5 acre space within the Urban Farm to be located on Treasure Island (as reasonably determined by the Authority), and a 800-1000 square foot retail space in Building 2 to sell, process or manufacture produce grown at the Urban Farm by TIHDI.

(b) Continuation of Existing Economic Development Opportunities (Event Services; Pavilion).

(i) The Authority, TIHDI, Toolworks, a California non-profit corporation ("***Toolworks***"), and Wine Valley Catering, a California corporation ("***WVC***") have entered into an Event Venues Management Agreement and Use Permit dated as of October 1, 2007 (the "***Permit***"). Pursuant to the Permit, the Authority granted to TIHDI, Toolworks, and WVC (collectively, the "***Permittee***") the right to use the Chapel, Casa de la Vista and the Lobby of the Main Administration Building (Building 1), and portions of the parking areas adjacent thereto for the management, operation, catering and marketing of the premises for special events. Those facilities include the "***Pavilion***." The Authority will negotiate with Permittee in good faith for the continued management of the Pavilion and the other premises covered by the Permit.

(ii) The Pavilion is expected to remain in its current location until infrastructure or permanent development on Treasure Island requires that it be moved, and it may be moved to an interim location. The Parties will negotiate in good faith to preserve the economic development opportunities associated with the Pavilion for as long as possible, consistent with the Project.

(iii) In the event the composition of the entities that make up the Permittee changes, the Authority will offer TIHDI the opportunity to propose a new Permittee, following the process described in Section 7.1 of this Jobs EOP.

8. Project Labor Agreement. It is expected that a large labor pool will be required to execute the work involved in the redevelopment of Treasure Island. Towards that end, Developer intends to enter into a Project Labor Agreement ("***PLA***") with the San Francisco Building and Construction Trades Council and its affiliates, as well as other relevant unions and referral agencies, to ensure that a sufficient supply of skilled craft workers are available at the Site throughout the Project, and that the Construction Work shall proceed continuously, without interruption, in a safe and efficient manner, economically, with due consideration for the protection of labor standards, wages and working conditions. In furtherance of these purposes and to secure optimum productivity, harmonious relations between the parties and the orderly performance of the work, the parties agree to establish adequate and fair wage levels and working conditions and to protect the Project against strikes and lockouts and other interference with the process of Construction Work.

9. Funding and Other Forms of Assistance

9.1 Funding. The Developer shall provide funding to Authority upon request for the exclusive purposes of funding the TIHDI Job Broker Program and the job training and

workforce development for all Construction Work and all for permanent workforce development (the "***Job Broker Program Subsidy***"). Starting with the Reference Date, the Authority shall be credited with a non-cash Job Broker Program Subsidy Account balance of Three Million Eight Hundred Thousand Dollars ($3,800,000). Commencing upon the first Sub-Phase Approval in the Initial Major Phase (as those terms are defined in the DDA) Developer shall pay an annual Job Broker Program Subsidy Payment to the Authority upon request in an amount not to exceed the amounts set forth in the following schedule:

(a) A maximum of Two Hundred Thousand Dollars ($200,000) per annum for years one and two;

(b) A maximum of Three Hundred Thousand Dollars ($300,000) per annum for years three through five; and

(c) A maximum of Five Hundred Thousand Dollars ($500,000) per annum for each year thereafter until the balance in the Job Broker Program Subsidy Account is exhausted.

Each Job Broker Program Subsidy Payment shall reduce the Job Broker Program Subsidy Account balance by an amount equal to the payment made by Developer. At the end of each Fiscal Year, commencing at the end of the Fiscal Year in which the Reference Date occurs, the Job Broker Program Subsidy Account balance remaining after the Annual Job Broker Program Subsidy Payment has been made shall increase by an amount equal to the increase in the Index over the prior twelve month period (except that the first interest credit shall be based on the period from the Reference Date to the end of the Fiscal Year in which the Reference Date occurs). Developer's obligation to pay the Annual Job Broker Program Subsidy shall cease when the Job Broker Program Subsidy Account balance has been exhausted. Developer shall have no obligation to increase the available balance in the Job Broker Program Subsidy Account at any time after the account is first established (except for the interest increases as described above). Any failure by Developer to make a required Job Broker Program Subsidy Payment shall be an Event of Default as set forth in the DDA, and shall not be governed or limited by the default or arbitration provisions of this Jobs EOP.

9.2 TIHDI Job Broker Program. The TIHDI Job Broker program has responsibilities under the TIHDI Agreement to identify and refer qualified construction and permanent job candidates meeting the criteria for Economically Disadvantaged Persons under this Program, as further described in Exhibit C. Funding for the TIHDI Job Broker Program will be funded by the Authority with the funds provided by Developer as described above.

9.3 Job Training/Workforce Development. The First Source Hiring Agreements require utilization of the CityBuild program, which is intended to assure a job-ready, union level workforce. Additionally, job training programs will be identified or developed to prepare qualified Economically Disadvantaged Persons and other qualified San Francisco Residents and Treasure Island residents for the permanent/non-construction jobs anticipated to be generated by the Project. Funding for the job training activities will be a funded by the Authority, using the funds provided by Developer as described above.

(a) A particular goal of the Authority is to promote training opportunities for Economically Disadvantaged Persons in the field of building deconstruction. Subject to any collective bargaining agreements applicable to the performance of deconstruction services, the Authority, Developer and TIHDI agree to use good faith efforts to maximize opportunities for economically disadvantaged persons to obtain training in order to participate in deconstruction and the salvage and recycling of materials on properties within the Project Site.

(b) To the extent that these job training programs facilitate employment by San Francisco Residents and Economically Disadvantaged Individuals for construction and permanent/non-construction jobs outside of Treasure Island, such jobs shall be counted as a credit against the goals set forth in any First Source Hiring Agreement entered pursuant to this Program. The requesting party shall request such a credit in writing to the Authority. The Authority, in consultation with any appropriate party shall make a reasonable determination regarding such requested credit. Any disputes regarding such credits shall be resolved through arbitration, as provided herein.

9.4 Construction Contractor Assistance Program. Developer will participate in a Construction Assistance Program to ensure that local San Francisco construction contractors and other businesses/employers, including qualified SBEs as defined in this Program, are given an opportunity to obtain technical assistance in order to participate in portions of the Horizontal Development Work and portions of the Vertical Development Work and to create and sustain long term businesses and related jobs, all in accordance with this Program. Developer will work with the Authority and CityBuild to develop specific programs to assist and advise local contractors who wish to work on projects during the different phases of construction.

(a) Developer shall establish and maintain a Contractor Liaison Office on-site at Treasure Island and host workshops that cover a range of topics related to construction opportunities at Treasure Island, how to access those opportunities, financial incentives, and other programs as deemed appropriate for each phase of development.

(b) The Contractor Liaison Office will be situated on-site. It will house plans, applications and other useful information for contractors who are or who wish to perform work at Treasure Island. The office will be open during normal business hours, Monday through Friday, and will be staffed by a trained and qualified person who will act as the Contractor Liaison for the project.

(c) The Contractor Liaison will establish a series of workshops for the contractor community that will address the demolition and deconstruction, horizontal development and vertical development phases of the Project. Each workshop will cover a set of basic information including:

(i) Contractor opportunities and applications for bidding

(ii) Contractor pre-qualification process

(iii) SBE local hiring requirements

(iv) Labor Union apprenticeship program

(v) Overview of technical assistance program, including plan room overview, onsite office orientation and introductions of key personnel

(vi) Bid package review and, if applicable, bid package dissemination

(vii) Key date reviews

(viii) Safety requirements

(ix) Contractor expectations

(x) Financial education programs, covering, among other topics, meeting payroll needs, equipment purchasing and leasing programs, and other logistical support occurring from time to time.

(xi) Questions and answer sessions

(xii) Culturally competent management practices for working with a diverse workforce

9.5 SBE Mentorship Program. Before the first Major Phase Approval, the Authority will work with Developer to implement a model mentorship program that will foster emerging Small Business Enterprise firms who are capable of performing high quality construction at competitive prices. Two main goals of this program will be to increase the volume of work that these emerging firms compete for and broadening the base of their activity in the building industry. Developer will encourage all contractors who intend to bid on major projects during the horizontal construction phase to work with the Authority to identify opportunities to partner with local SBE firms and to develop mentorship programs that provide measurable results, such as survival rates for mentors, recognizable improvements to firm's financial strength and bonding capacity, increases to the number of employees employed and success in meeting the objectives of each firm's individual business plans.

10. Reporting, Monitoring, and Enforcement. With the exception of the provisions of Section 2 of this Jobs EOP, which shall be monitored and enforced as set forth in the First Source Hiring Ordinance and the First Source Hiring Agreement, and the City ordinances described in Section 4.3, which shall be monitored and enforced as set forth in each of the applicable City ordinances, the provisions of this Program shall be monitored and enforced by the Executive Director of the Authority.

10.1 Monitoring and Enforcement. The CityBuild Program and the Authority Compliance Officer, or his or her designee, shall both monitor and enforce the standards and requirements, including the good faith efforts, of this Program. CityBuild, the TIHDI Job Broker and the Authority Compliance Officer shall schedule meetings through the term of this Program to promote consistent communication and practice.

10.2 Annual Review. The Authority, working cooperatively and in good faith with Developer, shall review the effectiveness of the Program annually, commencing one (1)

year after the Effective Date, and agree to work in good faith to make adjustments to this Program in the event the review determines that the goals are not being satisfied or that adjustments should otherwise be made.

10.3 Records. Developer, Vertical Developers, Construction Contractors and Permanent Employers shall maintain, for a period of two years from the date of completion of the applicable Work, certified payroll and basic records, time cards, tax forms and superintendent and foreman daily logs for all employees performing Work covered by this Policy. Such records shall also include all of those records required by OLSE and the SBE program. All such records shall be submitted to the Authority or the City's CityBuild Program upon request, and all records shall be accompanied by a statement regarding compliance signed by the covered employer.

11. Dispute Resolution.

11.1 Meet and Confer. In the event of any dispute under this Jobs EOP (excluding Section 2 and Section 4.3 of this Jobs EOP as set forth above), the parties to such dispute shall meet and confer in an attempt to resolve the dispute. The parties shall negotiate in good faith for a period of 10 business days in an attempt to resolve the dispute; provided that the complaining party may proceed immediately to the Arbitration Provisions of Exhibit B hereto, without engaging in such a conference or negotiations, if the facts could reasonably be construed to support the issuance of a temporary restraining order or a preliminary injunction.

11.2 Arbitration. Disputes arising under this Agreement may be submitted to the provisions of Exhibit B hereof (Arbitration) if the meet and confer provision of Section 11.1 above does not result in resolution of the dispute.

Exhibit A

Forms of First Source Hiring Agreement

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into as of _____, 2011, by and between the City and County of San Francisco (the "City") through its First Source Hiring Administration ("FSHA") and Treasure Island Community Development, LLC ("Project Sponsor").

WHEREAS, Project Sponsor, as developer, proposes to acquire portions of that certain real property known as Treasure Island and Yerba Buena Island (the "Site") to, among other things, seismically stabilize Treasure Island, install backbone infrastructure and roads, create and sell developable pads for the construction of up to 8,000 units of housing and to rehabilitate and construct hotels and retail and office space (collectively the "Project"), as further described in that certain disposition and development agreement between Treasure Island Development Authority (the "Authority") and Project Sponsor and entered into concurrently with this MOU (the "DDA"); and

WHEREAS, the Authority has adopted a Jobs and Equal Opportunity Program (the "Jobs EOP"), which sets forth the employment and contracting benefits that are proposed for the Project, including: (i) creating new construction and permanent employment opportunities, (ii) setting goals for the hiring of San Francisco residents and formerly homeless and economically disadvantaged individuals; (iii) setting goals for participation by small business enterprises ("SBEs") under a program that is specific to the Project and that shall be administered by the Authority; and (iv) creating economic development opportunities and related support for the Treasure Island Homeless Development Initiative ("TIHDI") and member organizations; and

WHEREAS, the Jobs EOP requires compliance with San Francisco Administrative Code Chapter 83, the First Source Hiring Ordinance, and further requires that Project Sponsor enter into a First Source Hiring Agreement to create employment opportunities for San Francisco Residents and qualified Economically Disadvantaged Individuals as defined in Attachment A-1 (any capitalized term used in this MOU that is not defined shall have the meaning given to such term in the DDA). The Jobs EOP also requires Project Sponsor to enter into a separate Employment and Contracting Agreement to cover various elements of the Jobs EOP that are not specifically included as part of the First Source Hiring Program; and

WHEREAS, Project Sponsor has also entered into a Development Agreement ("DA") with the City under which Developer agrees, for the benefit of the City, to comply with the Jobs EOP, to enter into a First Source Hiring Agreement in accordance with the First Source Hiring

Ordinance, and to incorporate certain City contracting provisions in contracts relating to the Project as set forth in the Jobs EOP; and

WHEREAS, this MOU is based upon the First Source Hiring Ordinance and is entered into with the City's FSHA in order to establish obligations with respect to both horizontal and vertical construction of the Project, as well as permanent employment opportunities relating to the Commercial Space, as further described in the Jobs EOP; and

WHEREAS, the City and Project Sponsor agree that the City's Office of Economic and Workforce Development ("OEWD"), the TIHDI Job Broker and the FSHA CityBuild program ("CityBuild") will serve the roles set forth below; and

WHEREAS, Project Sponsor has not yet entered into a contract with a construction contractor ("Contractor") to construct the horizontal improvements of the Project;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Memorandum of Understanding agree as follows:

A. Project Sponsor, upon entering into a contract for the construction of the Project after the date of this MOU, will include in that contract a provision requiring the Contractor to execute a First Source Hiring Agreement in the form attached hereto as Attachment A-1 and the Form 1 CityBuild Workforce Projection Form attached hereto as Attachment A-2 (with such changes as may be agreed to by FSHA). It is the Project Sponsor's responsibility to provide a signed copy of the First Source Hiring Agreement to FSHA before work may begin under the construction contract.

B. Project Sponsor, upon entering into any Vertical DDA that permits the right to construct buildings comprising more than ten (10) residential units or more than 25,000 square feet of commercial uses, will include in the Vertical DDA a provision requiring the Vertical Developer or its general contractor to execute a First Source Hiring Agreement in the form attached hereto as Attachment A-1 and the Form 1 CityBuild Workforce Projection Form attached hereto as Attachment A-2 (with such changes as may be agreed to by FSHA). It is the Vertical Developer's responsibility to provide a signed copy of the First Source Hiring Agreement to FSHA before work may begin under the construction contract.

C. Project Sponsor, as the developer of the Project, will include in every purchase and sale agreement or lease that relates to land on which commercial space of more than 25,000 square feet (the "Premises") may be constructed, a provision requiring compliance with the First Source Hiring Ordinance and requiring that any tenant or operator of Premises to enter into a First Source Hiring Agreement for permanent jobs in the form attached hereto as Attachment A-3.

D. CityBuild shall represent the San Francisco Workforce Development System and will provide referrals of Qualified Economically Disadvantaged Individuals for employment on the construction phases of the Project. The TIHDI Job Broker will coordinate with CityBuild by referring qualified Economically Disadvantaged Individuals and San

Francisco Residents to CityBuild. OEWD and FSHA will coordinate and designate representatives of the San Francisco Workforce Development System to recruit, pre-screen, train and refer Qualified Economically Disadvantaged Individuals for the permanent jobs associated with the Premises.

E. Project Sponsor shall include provisions for all Contractors to adhere to the State of California's Department of Industrial Relations Apprenticeship Standards as required by State law. Unless otherwise permitted by law, Apprentices must be trained pursuant to training programs approved by the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training, or the California Department of Industrial Relations, Division of Apprenticeship Standards.

F. Project Sponsor shall require Contractors to enter into First Source Hiring Agreements in accordance with the terms of this MOU, and shall not hire any Contractor that refuses to enter into a First Source Hiring Agreement as set forth in this MOU. FSHA shall advise Project Sponsor, in writing, of any alleged breach on the part of a Contractor or tenant with regard to participation in the First Source Hiring Program before seeking an assessment of liquidated damages against the Contractor or tenant.

G. For construction projects with projected construction value exceeding One Million Dollars ($1,000,000), Project Sponsor shall require Contractors to submit a Form 2: Workforce Hiring Plan to the FSHA and CityBuild as to the number of hiring opportunities per trade Contractor and its subcontractors have available for Entry Level or New Hire Positions prior to commencing construction.

H. The Agreement shall require Contractor to report First Source Hiring performances to FSHA utilizing the submittal of electronic certified payrolls for the purpose of tracking and reporting through the City's Project Reporting System.

I. If Project Sponsor fulfills its obligations as set forth in this MOU and the Jobs EOP, it shall not be held responsible for the failure of a Contractor, Vertical Developer or tenant to comply with the requirements of this MOU or the Jobs EOP.

J. This MOU is an approved "First Source Hiring Agreement" under the Jobs EOP. So long as Project Sponsor fulfills its obligations under this MOU, Project Sponsor shall be deemed to have fulfilled its obligations under the Jobs EOP with respect to the First Source Hiring Ordinance. The parties agree that this MOU may be executed in counterparts, each of which shall be considered an original and all of which taken together shall constitute one and the same instrument.

K. This MOU shall be binding on and inure to the benefit of all successors and assigns of Project Sponsor having an interest in the Project. Project Sponsor shall assign, and require any and all Transferees under the DDA to assume, its obligations under this DDA. Upon Project Sponsor's Transfer of obligations under the DDA, Project Sponsor shall be relieved of all obligations under this MOU arising from and after the date of Transfer with respect to the portions of the DDA that have been Transferred.

L. This MOU and its exhibits contains the entire agreement between the parties to this MOU and shall not be modified in any manner except by an instrument in writing executed by the parties of this MOU.

M. All notices to be given under this Agreement shall be in writing and sent by: (a) certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail; (b) a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier; or (c) hand delivery, in which case notice shall be deemed delivered on the date received, all as follows:

If to the FSHA:	First Source Hiring Coordinator OEWD, 50 Van Ness Avenue San Francisco, CA 94102 Attn: Guillermo Rodriguez
If to Project sponsor:	
Copy to:	Gibson, Dunn & Crutcher 555 Mission Street, Suite 3000 San Francisco, CA 94105 Attn: Mary G. Murphy

"**Project Sponsor**"

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC,
a California limited liability company

By: UST Lennar HW Scala SF Joint Venture,
a Delaware general partnership
its co-Managing Member

By: _____
Name: Kofi Bonner
Its: Authorized Representative

By: KSWM Treasure Island, LLC,
a California limited liability company
its co-Managing Member

By: WMS Treasure Island Development I, LLC,
a Delaware limited liability company
its Member

By: Wilson Meany Sullivan LLC,
a California limited liability company
its Sole Member and Manager

By: _____
Name: Christopher Meany
Title: Managing Member

"**FSHA**"

By:_____

Its: Director, Workforce Division
Office of Economic & Workforce
Development
Date:_____

Attachment A-1 to Exhibit A

Form of First Source Hiring Agreement
(CONSTRUCTION)

City and County of San Francisco First Source Hiring Program

Edwin Lee, Mayor

Office of Economic and Workforce Development

First Source Hiring Agreement

This First Source Hiring Agreement (this "Agreement"), is made as of , by and between the City and County of San Francisco (the "City") through its First Source Hiring Administration, (the "FSHA"), and the undersigned contractor ("Contractor"):

RECITALS

WHEREAS, Contractor has executed or will execute an agreement (the "Contract") to construct or oversee a portion of that certain project for the redevelopment of certain real property known as Treasure Island and Yerba Buena Island, to among other things, seismically stabilize Treasure Island, install backbone infrastructure and roads, create and sell developable pads for the construction of up to 8000 units of residential housing and to construct and rehabilitate hotels, retail and office space (collectively, the "Project"), and a copy of this Agreement is attached as an exhibit to, and incorporated in, the Contract; and

WHEREAS, as a material part of the consideration given by Contractor under the Contract, Contractor has agreed to execute this Agreement and participate in the San Francisco Workforce Development System established by the City in accordance with that certain Development Agreement (the "DA") by and between Treasure Island Community Developers, LLP (the "Project Sponsor") and the City and related agreements; and

WHEREAS, the Treasure Island Development Authority (the "Authority") has adopted a Jobs and Equal Opportunity Program (the "Jobs EOP") for the Project that, in addition to requiring compliance with the City's First Source Hiring Ordinance, also includes provisions for: (i) creating new construction and permanent employment opportunities, (ii) setting goals for the hiring of San Francisco residents and formerly homeless and economically disadvantaged individuals; (iii) setting goals for participation by small business enterprises ("SBEs") under a

program that is specific to the Project and that shall be administered by the Authority; and (iv) creating economic development opportunities and related support for the Treasure Island Homeless Development Initiative ("TIHDI") and member organizations; and

WHEREAS, this Agreement covers the First Source Hiring provisions of the Jobs EOP, and Contractor shall enter into a separate Employment and Contracting Agreement with the Authority pertaining to the remaining obligations of the Jobs EOP as set forth in the Jobs EOP; and

WHEREAS, the City and Contractor agree that the City of San Francisco Office of Economic and Workforce Development ("OEWD"), and the CityBuild program ("CityBuild") and the TIHDI Job Broker will serve the roles set forth below.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree as follows:

1. DEFINITIONS

For purposes of this Agreement, initially capitalized terms shall be defined as follows:

a. Area Median Income ("AMI") means the definition of AMI as set forth in the Housing Plan attached to the DDA.

b. Economically Disadvantaged Individual: A San Francisco Resident who is any of the following: (i) homeless or formerly homeless; (ii) has an annual income that is not greater than 50% of AMI, (iii) "Economically disadvantaged individuals" as defined in San Francisco Administrative Code Chapter 83; or (iv) persons who have been unable to secure employment in his or her trade for more than 20 working days during the preceding 6 months. For purposes of the foregoing, a "homeless person" means an individual who: (A) lacks a fixed, regular and adequate nighttime residence but spends days and nights in San Francisco; (B) has a primary nighttime residence that is (a) a supervised publicly or privately operated shelter designed to provide temporary living accommodations, including welfare hotels, congregate shelters and transition housing, (b) an institution that provides a temporary residence for individuals who are institutionalized, or (c) a public or private place not designed for, or ordinarily used for sleeping accommodation for human beings; or (C) meets such other definition of "homeless person" as may be adopted or approved by HUD. Examples of "economically disadvantaged individuals," for purposes of this subsection, may include, but not be limited to, the following individuals: individuals exiting the criminal justice system; individuals participating in or completing substance abuse treatment; individuals who receive financial aid for the purpose of obtaining an education or other vocational training program; survivors of domestic violence seeking employment; people with disabilities seeking employment; and veterans seeking employment. If Contractor has a question as

to whether an individual is Economically Disadvantaged under the above definition, it shall refer the question to FSHA for determination.

c. Apprentices: Any worker who is indentured to a construction apprenticeship program that maintains current registration with the State of California's Division of Apprenticeship Standards.

d. Core Employee or Core Worker: An apprentice or journey level employee, who possesses any license required by state or federal law for the project work to be performed, of a contractor or subcontractor who appears on that contractor or subcontractor's certified payroll sixty (60) of the previous one hundred calendar (100) days before date of award of a contract.

e. Good Faith Efforts: As defined in section 6, hereof.

f. New Hire: An employee of a contractor who is not listed on the contractor's quarterly tax statements for the tax period as a Core Employee or Core Worker and has been hired before the start of work.

g. Entry Level Position: A non-managerial position that requires no education above a high school diploma or certified equivalency, and less than two (2) years training or specific preparation, and shall include temporary and permanent jobs, and construction jobs related to the development of a commercial activity.

h. Hiring Opportunity: The opportunity created when Contractor adds workers to its existing Core workforce for the purpose of performing the Work under this Contract. For example, if the carpentry Subcontractor has an existing Core crew of five carpenters and needs seven carpenters to perform the work, then there are two hiring opportunities for carpentry on the Project.

i. First Opportunity or First Consideration: Consideration by Contractor of System Referrals for filling Entry Level or New Hire Positions before recruitment and hiring of non-System Referral job applicants.

j. Job Classification: Categorization of employment opportunity or position by craft, occupational title, skills, and experience required, if any.

k. Job Notification: Written notice, in accordance with Section 3(b) below, from Contractor to FSHA for any available Entry Level or New Hire Position during the term of the Contract.

l. Publicize: Advertise or post available employment information, including participation in job fairs or other forums.

m. Qualified: An Economically Disadvantaged Individual who meets the minimum bona fide occupational qualifications provided by Contractor to the System in the job availability notices required by this Agreement.

n. System: The San Francisco Workforce Development System established by the OEWD for maintaining (1) a pool of Qualified individuals, and (2) the mechanism by which such individuals are certified and referred to prospective employers covered by the First Source Hiring requirements under Chapter 83 of the San Francisco Administrative Code. Under this Agreement, CityBuild will act as the representative of the San Francisco Workforce Development System.

o. San Francisco Residents: An individual who has domiciled, as defined by Section 349(b) of the California Election Code, within the City at least seven (7) days before commencing work on a project.

p. System Referrals: Referrals by CityBuild of Qualified applicants for Entry Level or New Hire Positions with Contractor.

q. Subcontractor: A person or entity that has a direct contract with Contractor to perform a portion of the work under the Contract.

2. CONTRACTOR'S HIRING GOALS

During the term of this Agreement, Contractor shall make Good Faith Efforts to ensure that at least fifty percent (50%) of the new hire person-hours (on a cumulative basis, not by trade) performed pursuant to the Contract be performed by San Francisco Residents, of which at least half (i.e., twenty-five percent (25%) of the new hire all cumulative person-hours) shall be performed by Economically Disadvantaged Individuals. Contractor shall include this requirement in all Subcontracts under the Contract.

Contractor will follow the State of California's Department of Industrial Relations Apprenticeship Standards, as required by state law. Unless otherwise permitted by law, Apprentices must be trained pursuant to training programs approved by the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training, or the California Department of Industrial Relations, Division of Apprenticeship Standards.

3. PARTICIPATION OF CONTRACTOR IN THE SYSTEM

a. As soon as reasonably practicable after execution of this Agreement, Contractor shall provide CityBuild the following information about Contractor's employment needs under the Contract:

i. On Attachment A-2 to Exhibit A of the Jobs EOP (the CityBuild Workforce Projection Form), Contractor will provide a detailed numerical estimate of journey and apprentice level positions to be employed on the Project for each trade.

ii. Contractor will collaborate with CityBuild staff in completing the CityBuild Workforce Projection Form, to identify, by trade, the number of workers at project start and the number of workers at project peak; and the number of positions that will be required to fulfill the First Source local hiring goals.

iii. This Agreement will constitute the First Source Hiring Plan as required under the DA and the DDA.

b. Contractors must promptly deliver to FSHA, or its designee, a Job Notification for any available Entry Level or New Hire Positions as they become available during the term of the Contract. FSHA shall provide copies of the Job Notification to CityBuild and the TIHDI Job Broker.

c. Good Faith consideration:

i. Contractor must (A) give good faith consideration to all CityBuild System Referrals, and (B) review the resumes of all such referrals, and (C) conduct interviews for posted Entry Level Positions in accordance with the nondiscrimination provisions of this Agreement.

ii. Contractor must provide constructive feedback to CityBuild on all System Referrals in accordance with the following:

(A) If Contractor meets the criteria in Section 6(a) below that establishes "good faith efforts" of Contractor. Contractor must only respond orally to follow-up questions asked by the CityBuild account executive regarding each System Referral; and

(B) After Contractor has filled at least 5 Entry Level or New Hire Positions under this Agreement, if Contractor is unable to meet the criteria in Section 6(b) below that establishes "good faith efforts" of Contractor, Contractor will be required to provide written comments on all CityBuild Referrals.

d. Contractor must provide timely notification to CityBuild as soon as the job is filled, and identify by whom.

4. CONTRACTOR RETAINS DISCRETION REGARDING HIRING DECISIONS

Contractor agrees to offer the System the First Consideration to provide Qualified applicants for employment consideration in Entry Level or New Hire Positions, subject to any enforceable collective bargaining agreements. Contractor shall consider all applications of Qualified System Referrals for employment. Provided Contractor utilizes nondiscriminatory screening criteria, Contractor shall have the sole discretion to interview and hire any System Referrals.

5. COMPLIANCE WITH COLLECTIVE BARGAINING AGREEMENTS

Notwithstanding any other provision hereunder, if Contractor is subject to any collective bargaining agreement(s) requiring compliance with a pre-established applicant referral process, Contractor's only obligations with regards to any available Entry Level or New Hire Positions subject to such collective bargaining agreement(s) during the term of the Contract shall be the following:

a. Contractor shall notify the appropriate union(s) of the Contractor's obligations under this Agreement and request assistance from the union(s) in referring Qualified applicants for the available Entry Level or New Hire Position(s), to the extent such referral can conform to the requirements of the collective bargaining agreement(s).

b. Contractor shall use "name call" privileges, in accordance with the terms of the applicable collective bargaining agreement(s), to seek Qualified applicants from the System for the available Entry Level or New Hire Position(s).

c. Contractor shall sponsor Qualified apprenticeship applicants, referred through the System, for applicable union membership.

6. CONTRACTOR'S GOOD FAITH EFFORTS

Contractor will make Good Faith Efforts to hire San Francisco Residents and Economically Disadvantaged Individuals, and shall participate in the System, in accordance with the terms of this Agreement. Contractor's Good Faith Efforts shall be determined in accordance with the following:

a. Contractor shall be deemed to have made Good Faith Efforts if Contractor accurately completes and submits before the start of demolition and/or construction Attachment A-2 to Exhibit A of the Jobs EOP (the CityBuild Workforce Projection Form 1); and

b. Contractor makes a Good Faith Effort to ensure that at least fifty percent (50%) of the person hours performed pursuant to the Contract be performed by San Francisco Residents, of which at least half shall be Economically Disadvantaged Individuals, by taking the following actions:

- Preparing one year job forecasts annually in order to prepare workforce for placement

- Preparing detailed written plans describing how the hiring plans will be implemented

- Listing all available jobs on the Project with the CityBuild Program at least two weeks before advertising for applicants elsewhere

- Providing good faith consideration to all Qualified candidates who are screened, eligible and referred by CityBuild or the TIHDI Job Broker. Should an employer not hire referrals by CityBuild or the TIHDI Job Broker, the employer must provide a written explanation. However, this Policy shall not require any firm or entity to employ a worker not Qualified for the position in question or to employ any particular worker, and that all final hiring decisions shall be made at the discretion of the employment firm or entity, acting in good faith consistent with this Policy.

- Establishing mutually acceptable means of communicating with CityBuild to give to the TIHDI Job Broker about job openings, information about jobs and providing information about job referral outcomes within a reasonable period of time following a request for such information, as well as when a problem arises at the worksite.

- Participating in the dispute resolution procedures set forth in the First Source Hiring Ordinance, when required.

c. Contractor's failure to meet the criteria set forth in Section 6(b) does not impute "bad faith." FSHA may, in its discretion, review Contractor's efforts to comply with this Agreement. Failure to meet the criteria set forth in Section 6(b) shall, at FSHA's election, trigger a review of Contractor's Good Faith Efforts and the referral process. Such review shall be conducted by FSHA in accordance with Section 12(c) below.

7. ADDITIONAL OBLIGATIONS UNDER THIS AGREEMENT

In addition to the items listed above to satisfy Good Faith Efforts, Contractor has an ongoing, affirmative obligation and shall:

a. Contact a CityBuild representative to review all hiring projections and goals for the Project. Contractor shall take active steps to advise all of its Subcontractors of the local hiring obligations on the Project, including, but not limited to providing CityBuild access and presentation time at each pre-bid, each pre-construction, and if necessary, any progress meeting held throughout the life of the Project.

b. Submit to CityBuild a "Workforce Projection" form or other formal written notification specifying Contractor's expected hiring needs during the project's duration. It is the General Contractor's responsibility to collect from its subcontractors and submit the completed Form 1: "Workforce Projection" to specify its expected hiring needs during the project's duration to CityBuild at least 30 days after contract award.

c. For construction projects with projected construction value exceeding One Million Dollars ($1,000,000), Project Sponsor shall require Contractors to submit a Form 2: Workforce Hiring Plan to FSHA and CityBuild as to the number of hiring opportunities per trade Contractor and its subcontractors have available for Entry Level or New Hire Positions. It is the General Contractor's responsibility to collect from its subcontractors and submit the completed Form 2: "Workforce Hiring Plan" to CityBuild at least 15 days prior to mobilization.

d Notify respective union(s) regarding the local hiring obligations and request their assistance in referring Qualified San Francisco Residents for any available position(s). This step applies to the extent that such referral would not violate the union's collective bargaining agreement(s).

e Provide CityBuild with up-to-date list of all trade unions affiliated with any work on the Project in a timely matter in order to facilitate CityBuild's notification to these unions of the Project's workforce requirements.

f. Submit a "Job Notice" form to CityBuild for each apprentice level position that becomes available. Contractor should simultaneously contact applicable unions about the position as well, and let the unions know that CityBuild has also been contacted under the terms of this Agreement.

g. Advise each of its Subcontractors of their ongoing obligation to notify CityBuild of all apprentice level and New Hire openings that arise throughout the duration of the Project, including openings that arise from layoffs of original crew. Contractor shall not exercise discretion in informing CityBuild of any given position; rather, CityBuild is to be universally notified, and a discussion between Contractor and CityBuild can determine whether a CityBuild graduate would be an appropriate placement for any given apprentice level position.

h. Hire qualified candidate(s) referred through the CityBuild system. In the event of the firing/layoff of any CityBuild referrals, Contractor must notify CityBuild staff within two days of the decision and provide justification for the layoff; Contractor will make good faith efforts to request a meeting with the Project's employment liaison as promptly as possible when issues arise with a CityBuild placement in order to remedy the situation before termination becomes necessary.

8. COMPLIANCE WITH THIS AGREEMENT OF SUBCONTRACTORS

In the event that Contractor subcontracts a portion of the work under the Contract, Contractor shall determine how many, if any, of the Entry Level or New Hire Positions are to be employed by its Subcontractors using Form 1: the CityBuild Workforce Projection Form; provided, however, that Contractor shall retain the primary responsibility for meeting the requirements imposed under this Agreement. Contractor shall ensure that this Agreement is incorporated into and made applicable to such Subcontract, and shall require each Subcontractor to perform the items listed in Section 6 above to the extent applicable.

9. EXCEPTION FOR ESSENTIAL FUNCTIONS

Nothing in this Agreement precludes Contractor from using temporary or reassigned existing employees to perform essential functions of its operation; provided, however, the obligations of this Agreement to make Good Faith Efforts to fill such vacancies permanently with System Referrals remains in effect. For these purposes, "essential functions" means those functions absolutely necessary to remain open for business.

10. CONTRACTOR'S COMPLIANCE WITH EXISTING EMPLOYMENT AGREEMENTS

Nothing in this Agreement shall be interpreted to prohibit the continuation of existing workforce training agreements or to interfere with consent decrees, collective bargaining agreements, or existing employment contracts. In the event of a conflict between this Agreement

and an existing agreement, the terms of the existing agreement shall supersede this Agreement; provided, Contractor shall inform FSHA in writing of any conflicts between existing agreements and this Agreement on or before the date of this Agreement.

11. HIRING GOALS EXCEEDING OBLIGATIONS OF THIS AGREEMENT

Nothing in this Agreement shall be interpreted to prohibit the adoption of hiring and retention goals, first source hiring and interviewing requirements, notice and job availability requirements, monitoring, record keeping, and enforcement requirements and procedures which exceed the requirements or this Agreement.

12. OBLIGATIONS OF CITYBUILD

Under this Agreement, CityBuild shall:

a. Upon signing this Agreement, immediately initiate recruitment and pre-screening activities.

b. Recruit Qualified individuals to create a pool of applicants for jobs who match Contractor's Job Notification and to the extent appropriate train applicants for jobs that will become available through the First Source Program and coordinate with the TIHDI Job Broker in identifying such applicants.

c. Screen and refer applicants according to qualifications and specific selection criteria submitted by Contractor.

d. Coordinate funding for City-sponsored pre-employment, employment training, and support services programs.

e. Follow up with Contractor on outcomes of System Referrals and initiate corrective action as necessary to maintain an effective employment/training delivery system.

f. Provide Contractor with reporting forms for monitoring the requirements of this Agreement.

g. Monitor the performance of the Agreement by examination of records of Contractor as submitted in accordance with the requirements of this Agreement.

13. CONTRACTOR'S REPORTING AND RECORD KEEPING OBLIGATIONS

a. Subcontractor Compliance. Contractor shall ensure that Subcontractors of all tiers comply with applicable requirements of the Policy. Contractor shall ensure that all Subcontractors agree as a term of participation on this Project that the City shall have third party beneficiary rights under all subcontracts under which Subcontractors are performing project work. Such third party beneficiary rights shall be limited to the right to enforce the requirements of the Jobs EOP, including the First Source Hiring Ordinance, directly against the Subcontractors.

b. Reporting. Contractor shall submit certified payrolls for the purpose of tracking and reporting through the City's Project Reporting system and keep any other relevant workforce records and make available to CityBuild upon request. CityBuild will monitor compliance with this requirement electronically.

c. Recordkeeping. Contractor and each Subcontractor shall keep, or cause to be kept, for a period of four years from the date of Substantial Completion of work under the Contract, certified payroll and basic records, including time cards, tax forms, and superintendent and foreman daily logs, for all workers within each trade performing work on the Project. Contractor shall maintain accurate records of its Good Faith Efforts and the steps taken under this Agreement to fulfill its obligations hereunder. Such records must include the maintenance of an on-site First Source Hiring Compliance binder, as well as records of any new hire made by Contractor through a San Francisco CBO whom Contractor believes meets the First Source Hiring criteria.

1. Such records shall include the name, address and social security number of each worker who worked on the covered project, his or her classification, a general description of the work each worker performed each day, the apprentice or journey-level status of each worker, daily and weekly number of hours worked, the self-identified race, gender, and ethnicity of each worker, whether or not the worker was a San Francisco Resident or Economically Disadvantaged worker, and the referral source or method through which the contractor or subcontractor hired or retained that worker for work on the Project (e.g., core workforce, name call, union hiring hall, City-designated referral source, or recruitment or hiring method).

2. Contractor and Subcontractors may, among other methods, verify that a worker is a local resident through the worker's possession of a valid SF City ID Card or other government-issued identification.

3. All records described in this subsection shall at all reasonable business hours be open to inspection and examination by the duly authorized officers and agents of the City, including representatives of the Authority, OEWD, and CityBuild.

4. Maintain accurate records demonstrating Contractor's compliance with the First Source Hiring requirements of Chapter 83 of the San Francisco Administrative Code including, but not limited to, the following:

   (1) Applicants
   (2) Job offers
   (3) Hires
   (4) Rejections of applicants

d. Monitoring. From time to time and in its sole discretion, OEWD, CityBuild may monitor and investigate compliance of Contractor and Subcontractors working on the Project with the requirements of this Agreement. Contractor and all Subcontractors shall allow representatives of OEWD, CityBuild and the Authority, in the performance of their duties, to engage in random inspections of the work site provided such representatives observe all work safety rules and execute appropriate waiver of liability forms in advance of entering any active job site. Contractor and all Subcontractors shall also allow representatives of OEWD, CityBuild to have access to employees of Contractor and Subcontractors and the records required to be maintained under the FSHA.

e. Reporting. Contractor shall submit completed reporting forms based on Contractor's records to CityBuild quarterly, unless more frequent submittals are reasonably required by FSHA. In this regard, Contractor agrees that if a significant number of positions are to be filled during a given period or other circumstances warrant, CityBuild may require daily, weekly, or monthly reports containing all or some of the above information.

f. Complaints/Cause. If based on complaint, failure to report, or other cause, the FSHA has reason to question Contractor's Good Faith Efforts, Contractor shall demonstrate to the reasonable satisfaction or the City that it has made Good Faith Efforts as required by this Agreement.

14. ENFORCEMENT REMEDIES

a. The parties agree that monitoring and enforcement of the obligations hereunder shall be governed by the provisions of San Francisco Administrative Code Chapter 83 as in effect on the Effective Date of the Development Agreement and as amended or updated from time to time, to the extent permitted under the Development Agreement.

b. In addition to the remedies afforded the FSHA under Chapter 83 of the San Francisco Administrative Code, if the FSHA determines in its reasonable discretion, that such penalties are insufficient to incentivize the employer to meet its obligations hereunder, the FSHA may submit the determination of violation and penalties to arbitration pursuant to Exhibit C attached to the Jobs EOP.

c. If Contractor fulfills its obligations as set forth in this Agreement, Contractor shall not be held responsible for the failure of a Subcontractor to comply with the requirements of this Agreement (except (i) Contractors will establish goals for specific Subcontractors, taking into account the failures of any previous Subcontractor, as needed to fulfill the requirements of this Agreement, and (ii) for any payments that may be due under Section 13 of the arbitration provisions attached as Exhibit C to the Jobs EOP).

15. DURATION OF THIS AGREEMENT

This Agreement shall be in full force and effect throughout the term of the Contract. Upon expiration of the Contract, or its earlier termination, this Agreement shall terminate, provided such termination shall not limit or effect obligations under this Agreement that arose before the date of termination.

16. NOTICE

All notices to be given under this Agreement shall be in writing and sent by: certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail, a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or hand delivery, in which case notice shall be deemed delivered on the date received, all as follows:

If to FSHA:	First Source Hiring Manager OEWD, 50 Van Ness Avenue San Francisco, CA 94102 Attn: Mr. Guillermo Rodriguez
If to CityBuild:	CityBuild Compliance Officer 50 Van Ness Avenue San Francisco, CA 94102 Attn: _____
If to Contractor:	
	Attn:

a. Any party may change its address for notice purposes by giving the other parties notice of its new address as provided herein. A "business day" is any day other than a Saturday, Sunday or a day in which banks in San Francisco, California are authorized to close.

b. Notwithstanding the foregoing, any Job Notification or any other reports required of Contractor under this Agreement (collectively, "Contractor Reports") shall he delivered to the address of FSHA pursuant to this Section via first class mail, postage paid, and such Contractor Reports shall he deemed delivered two (2) business days after deposit in the mail in accordance with this Subsection.

17. CITY CONTRACTING PROVISIONS

The City contracting provisions set forth in Schedule 1 are incorporated into this Agreement, and Contractor agrees to comply with such provisions, as applicable, in the performance of its work under this Agreement.

18. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the parties to this Agreement and shall not be modified in any manner except by an instrument in writing executed by the parties or their respective successors in interest.

19. SEVERABILITY

If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected.

20. COUNTERPARTS

This Agreement may be executed in one or more counterparts. Each shall be deemed an original and all, taken together, shall constitute one and the same instrument.

21. SUCCESSORS

This Agreement shall inure to the benefit of and shall be binding upon the parties to this Agreement and their respective heirs, successors and assigns. If there is more than one person comprising Contractor, their obligations shall be joint and several.

22. HEADINGS

Section titles and captions contained in this Agreement are inserted as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any of its provisions

23. GOVERNING LAW

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

IN WITNESS WHEREOF, the following have executed this Agreement as of the date set forth above.

FIRST SOURCE HIRING ADMINISTRATION	**CONTRACTOR:**
City and County of San Francisco	
By:_____	By:_____
Name: _____	Name: _____
Its: _____	Its: _____

Schedule 1 to Attachment A-1

City Contracting Provisions

[*from DDA Section 27*]

27. Special Provisions. The following Ordinances of the City and County of San Francisco, as the same are in effect as of the Effective Date of the DDA and as amended or updated to the extent permitted under the Development Agreement, apply to the Project and the Work.

27.1 Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Covenant Not to Discriminate. In the performance of this Agreement, Developer covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under Chapter 12 of the San Francisco Administrative Code against any employee of Developer or any City and County employee working with Developer, any applicant for employment with Developer, or any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Developer in the City and County of San Francisco.

(b) Subleases and Other Contracts. Developer shall include in all subleases and other contracts relating to the Project Site to which Developer is a signing party a non-discrimination clause applicable to such subtenant or other contractor in substantially the form of Section 27.1(a) above. In addition, Developer shall incorporate by reference in all Subleases and other contracts the provisions of Sections 12B.2(a), 12B.2(c)-(k) and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Developer's failure to comply with the obligations in this Section 27.1(b) shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Developer does not as of the Reference Date and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "**Core Benefits**") as well as any benefits other than the Core Benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the

domestic partnership has been registered with a governmental entity pursuant to state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2 of the San Francisco Administrative Code.

(d) HRC Form. On or prior to the Effective Date, Developer shall execute and deliver to the Authority the "Nondiscrimination in Contracts and Benefits" form approved by the San Francisco Human Rights Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Developer shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Developer understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Developer and/or deducted from any payments due Developer.

27.2 Jobs and Equal Opportunity Program. Developer shall comply with the Jobs EOP, including the requirements relating to Developer's compliance with the City's First Source Hiring Program (San Francisco Administrative Code Section 83.1 et seq.).

27.3 Labor Representation (Card Check). San Francisco Administrative Code Chapter 23, Article VI shall apply to (i) hotel and restaurant operators that employ more than fifty (50) employees on the Project Site, and (ii) grocery operators that employ more than fifty (50) employees on the Project Site. Hotel operators shall also be required to utilize the TIHDI Job Broker for job referrals as described in and consistent with the Jobs EOP.

27.4 Wages and Working Conditions. Developer agrees that any person performing Construction Work (as defined in the Jobs EOP) shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Developer shall include in any contract for Construction Work a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Developer shall require any Construction Contractor to provide, and shall deliver to the Authority and City upon request, certified payroll reports with respect to all persons performing labor in connection with the construction.

27.5 Requiring Health Benefits for Covered Employees. Unless exempt, Developer agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("**HCAO**"), as set forth in San Francisco Administrative Code Chapter 12Q (Chapter 12Q), including the implementing regulations as the same may be amended or

updated from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is currently available on the web at www.sfgov.org. Capitalized terms used in this Section 27.5 and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee Developer shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO.

(b) Notwithstanding the above, if Developer meets the requirements of a "small business" by the City pursuant to Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Section 27.8(a) above.

(c) Developer understands and agrees that the failure to comply with the requirements of the HCAO shall constitute a material breach by Developer of this Agreement.

(d) If, within 30 days after receiving written notice of a breach of this Agreement for violating the HCAO, Developer fails to cure such breach or, if such breach cannot reasonably be cured within such 30-day period, Developer fails to commence efforts to cure within such period, or thereafter fails to diligently pursue such cure to completion, the City shall have the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City and the Authority.

(e) Any sublease or contract regarding services to be performed on the Project Site entered into by Developer shall require the subtenant or contractor and subcontractors, as applicable, to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in Chapter 12Q of the Administrative Code. Developer shall notify the City's Purchasing Department when it enters into such a sublease or contract and shall certify to the Purchasing Department that it has notified the subtenant or contractor of the obligations under the HCAO and has imposed the requirements of the HCAO on the subtenant or contractor through written agreement with such subtenant or contractor. Developer shall be responsible for ensuring compliance with the HCAO for each subtenant, contractor and subcontractor performing services on the Project Site. If any subtenant, contractor or subcontractor fails to comply, the City or the Authority may pursue the remedies set forth in Section 12Q.5 of the Administrative Code against Developer based on the subtenant's, contractor's, or subcontractor's failure to comply, provided that the Authority has first provided Developer with notice and an opportunity to cure the violation.

(f) Developer shall not discharge, reprimand, penalize, reduce the compensation of, or otherwise discriminate against, any employee for notifying the City of any issue relating to the HCAO, for opposing any practice proscribed by the HCAO, for participating in any proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(g) Developer represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the requirements of the HCAO.

(h) Developer shall keep itself informed of the requirements of the HCAO, as they may change from time to time.

(i) Upon request, Developer shall provide reports to the City and the Authority in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subtenants, contractors, and subcontractors.

(j) Within five (5) business days of any request, Developer shall provide the City and the Authority with access to pertinent records relating to any Developer's compliance with the HCAO. In addition, the City and its agents may conduct random audits of Developer at any time during the Term. Developer agrees to cooperate with City and the Authority in connection with any such audit.

(k) If a contractor or subcontractor is exempt from the HCAO because the amount payable to such contractor or subcontractor under all of its contracts with the City or relating to City-owned property is less than $25,000.00 (or $50,000.00 for nonprofits) in that fiscal year, but such contractor or subcontractor later enters into one or more agreements with the City or relating to City-owned property that cause the payments to such contractor or subcontractor to equal or exceed $75,000.00 in that fiscal year, then all of the contractor's or subcontractor's contracts with the City and relating to City-owned property shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements to equal or exceed $75,000.00 in the fiscal year.

27.6 Developer Conflicts of Interest. Through its execution of this Agreement, Developer acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, certifies that it knows of no facts which would constitute a violation of such provisions and agrees that if Developer becomes aware of any such fact during the Term Developer shall immediately notify the Authority. Developer further certifies that it has made a complete disclosure to the Authority of all facts bearing on any possible interests, direct or indirect, which Developer believes any officer or employee of the City or the Authority presently has or will have in this Agreement or in the performance thereof or in any portion of the profits thereof. Willful failure by Developer to make such disclosure, if any, shall constitute grounds for the Authority's termination and cancellation of this Agreement.

27.7 Prohibition of Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, no funds appropriated by the Authority for this Agreement may be expended for organizing, creating, funding, participating in, supporting, or attempting to influence any political campaign for a candidate or for a ballot measure (collectively, "**Political Activity**"). The terms of San Francisco Administrative Code Chapter 12.G are incorporated herein by this reference. Accordingly, an employee working in any position funded under this Agreement shall not engage in any Political Activity during the work

hours funded hereunder, nor shall any equipment or resource funded by this Agreement be used for any Political Activity. In the event Developer, or any staff member in association with Developer, engages in any Political Activity, then (i) Developer shall keep and maintain appropriate records to evidence compliance with this section, and (ii) Developer shall have the burden to prove that no funding from this Agreement has been used for such Political Activity. Developer agrees to cooperate with any audit by the Authority, the City or its designee in order to ensure compliance with this section. In the event Developer violates the provisions of this section, the City or the Authority may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement and any other agreements between Developer and the Authority, (ii) prohibit Developer from bidding on or receiving any new City or Authority contract for a period of two (2) years, and (iii) obtain reimbursement of all funds previously disbursed to Developer under this Agreement.

27.8 Notification of Limitations on Contributions. Through its execution of this Agreement, Developer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code (the "**Conduct Code**") which prohibits or a state agency on whose board an appointee of a City elective officer serves, for the selling or leasing of any land or building to or from the City or a state agency on whose board an appointee of a City elective officer serves, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six (6) months after the date the contract is approved. Developer acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Developer further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Developer's board of directors; Developer's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Developer; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Developer. Additionally, Developer acknowledges that Developer must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Developer further agrees to provide the Authority the name of each person, entity or committee described above.

27.9 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between the Authority and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

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

27.11 Tropical Hardwood and Virgin Redwood Ban. The City and the Authority urge companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood wood product, or any virgin redwood or virgin redwood wood product. Developer agrees that, except as permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Developer shall not use or incorporate any tropical hardwood or virgin redwood in the construction of the Improvements. Developer shall not provide any items to the construction of the Project, or otherwise in the performance of this Agreement which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Developer fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Developer shall be liable for liquidated damages for each violation in any amount equal to the contractor's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

27.12 Resource-Efficient Facilities and Green Building Requirements. Developer acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 710 relating to resource-efficient buildings and green building design requirements. Developer hereby agrees it shall comply with the applicable provisions of such code sections.

27.13 Tobacco Product Advertising Prohibition. Developer acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the City or the Authority, including the Project Site. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition shall not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

27.14 Drug-Free Workplace. Developer acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. Sections 701 et seq.), the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City or Authority premises. Developer and its agents or assigns shall comply with all terms and provisions of such Act and the rules and regulations promulgated thereunder. Developer agrees that any violation of this prohibition by Developer, its agents or assigns shall be deemed a material breach of this Agreement.

27.15 Pesticide Ordinance. Developer shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "**Pesticide Ordinance**") which (i) prohibit the use of certain pesticides on City or Authority property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Developer to submit to the Authority an integrated pest management ("**IPM**") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Developer may need to apply to the Project Site during the Term, (b) describes the steps Developer will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance, and (c) identifies, by name, title, address and telephone number, an individual to act as Developer's primary IPM contact person with the City or the Authority. In addition, Developer shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Through the Authority, Developer may seek a determination from the City's Commission on the Environment that Developer is exempt from complying with certain portions of the Pesticide Ordinance with respect to this Agreement, as provided in Section 307 of the Pesticide Ordinance. The Authority shall reasonably cooperate with Developer, at Developer's sole cost and expense, if Developer seeks in good faith an exemption under the Pesticide Ordinance.

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

27.17 Compliance with Disabled Access Laws. Developer acknowledges that, pursuant to the Disabled Access Laws, programs, services and other activities provided by a public entity to the public, whether directly or through Developer or contractor, must be accessible to the disabled public. Developer shall not discriminate against any person protected under the Disabled Access Laws in connection with the use of all or any portion of the Property and shall comply at all times with the provisions of the Disabled Access Laws.

27.18 Protection of Private Information. Developer agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "**Protection of Information Ordinance**"), including the remedies provided therein. The provisions of the Protection of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this Section 27.18 and not defined in this Agreement shall have the meanings assigned to such

terms in the Protection of Private Information Ordinance. Consistent with the requirements of the Protection of Private Information Ordinance, Developer agrees to all of the following:

(i) Neither Developer nor any of its contractors or subcontractors who receive Private Information from the City or the Authority in the performance of a contract may disclose that information to a subcontractor or any other person or entity, unless one of the following is true:

(i) The disclosure is authorized by this Agreement;

(ii) Developer received advance written approval from the Authority to disclose the information; or

(iii) The disclosure is required by judicial order.

(ii) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement or the Authority's approval and shall not be used except as necessary in the performance of the obligations under the contract. Any disclosure or use of Private Information authorized by the Authority shall be in accordance with any conditions or restrictions stated in the approval.

(iii) "**Private Information**" shall mean any information that (1) could be used to identify an individual, including without limitation name, address, social security number, medical information, financial information, date and location of birth, and names of relative; or (2) the law forbids any person from disclosing.

(iv) Any failure of Developer to comply with the Protection of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the Authority may terminate this Agreement, debar Developer, or bring a false claim action against Developer.

27.19 Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the Authority's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Developer shall remove all graffiti from any real property owned or leased by Developer in the City and County of San Francisco within forty-eight (48) hours of the earlier of

Developer's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works or the Authority. This Section 27.19 is not intended to require Developer to breach any lease or other agreement that it may have concerning its use of the real property. The term "**graffiti**" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code, or the San Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Developer to comply with this Section 27.19 shall constitute a Developer Event of Default.

27.20 Food Service Waste Reduction Ordinance. Developer agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. This provision is a material term of this Agreement. By entering into this Agreement, Developer agrees that if it breaches this provision, the Authority and City will suffer actual damages that will be impractical or extremely difficult to determine; further, Developer agrees that the sum of one hundred dollars ($100.00) liquidated damages for the first breach, two hundred dollars ($200.00) liquidated damages for the second breach in the same year, and five hundred dollars ($500.00) liquidated damages for-subsequent breaches in the same year is a reasonable estimate of the damage that the Authority and City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by the Authority and City because of Developer's failure to comply with this provision.

27.21 Charter Provisions. This Agreement is governed by and subject to the provisions of the Charter of the City and County of San Francisco, including the budgetary and fiscal provisions of the City's Charter. Notwithstanding anything to the contrary contained in this Agreement, there shall be no obligation for the payment or expenditure of money by the Authority or City under this Agreement unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Developer acknowledges that in no event shall the City's General Fund have any liability for any of the Authority's obligations under this Agreement.

27.22 Incorporation. Each and every provision of the San Francisco Administrative Code or any other San Francisco Code specifically described or referenced in this Agreement is hereby incorporated by reference, as it exists on the Effective Date as though fully set forth herein.

Attachment A-2 to Exhibit A

Form 1: CityBuild Workforce Projection Form

All Prime Contractors and Subcontractors with contracts in excess of $100,000 must complete the *CityBuild Workforce Projection* (Form 1) within thirty (30) days of award of contract and for contracts lasting for more than one (1) year, on an annual basis thereafter on the anniversary of the first submittal of this Form 1. It is the Prime Contractor's responsibility to ensure CityBuild receives completed Form l's from all subcontractors in the specified time and keep a record of these Forms in a compliance binder for evaluation.

Once all Form 1's have been submitted, all contractors are required to attend a preconstruction meeting convened by CityBuild staff to discuss the hiring goals for this project.

- *Contractor's "Core" or "Existing" workforce shall consist of any worker who appears on the Contractor's active payroll for at least 60 days of the 100 working days before the award of this Contract.*
- *For Construction Contracts: Use this form to indicate the TOTAL estimated number of Journey Level Positions and Entry Level/Apprentice Position that will be needed to perform the work.*
- *For Non-Construction Contracts: Use this form to indicate all entry-level positions that will be needed to perform the work.*
- *If company is on multiple projects, please submit one Workforce Projection per project.*

Contractor Name: _____

Project Name: _____ Main Contact: _____

City PM: _____ Contact Name: _____

Labor Trade, Position, or Title	Journey or Apprentice / Entry-Level (J/A)	Number of Core Employees	Estimated Number of Position(s) at Peak of Work	Est. Start Date	Est. End Date	Est. Total Number of Hours to Complete Work	Union?
	J ☐ A ☐						Yes ☐ No ☐
	J ☐ A ☐						Yes ☐ No ☐
	J ☐ A ☐						Yes ☐ No ☐
	J ☐ A ☐						Yes ☐ No ☐
	J ☐ A ☐						Yes ☐ No ☐

**Continue on separate sheet, if necessary. For assistance or questions in completing is form, contact the CityBuild Program of the Department of Economic and Workforce Development, (415) 581-2303.*

Successful Bidder/Company Name _____ Street Address _____

Name of Signer _____ Title _____ City _____ Zip _____ Email _____

Signature of Authorized Representative _____ Date _____ Office Telephone _____ Cell Phone _____ Fax _____

Attachment A-3

Form of First Source Hiring Agreement
(Permanent Jobs)

PLEASE FAX COMPLETED FORM ATTN: CITYBUILD AT (415)581-2368 OR
EMAIL: KEN.NIM@SFGOV.ORG OR IAN.FERNANDO@SFGOV.ORG
WEBSITE: HTTP://WWW.OEWD.ORG/CITYBUILD.ASPX
Main Line: (415) 581-2335

City and County of San Francisco — First Source Hiring Program

Edwin M. Lee, Mayor

Office of Economic
and Workforce Development

FIRST SOURCE HIRING AGREEMENT
COVERED COMMERCIAL SPACE

This First Source Hiring Agreement (this "Agreement") is made as of_____, by and between the City and County of San Francisco, State of California, by and through its First Source Hiring Administration (the "FSHA"), and _____ ("Employer").

RECITALS

WHEREAS, Employer intends to operate _____ (the "Covered Commercial Operation") within the City and County of San Francisco at _____ on Treasure Island (the "Premises");

WHEREAS, Employer expects that approximately _____ employees would work for the Covered Commercial Operation at the Premises;

WHEREAS, Employer expects to hire approximately ____ new employees to work at the Premises;

WHEREAS, Employer has agreed to use good faith efforts to hire San Francisco Residents to fill 50% of the new positions;

WHEREAS, Employer has agreed to use good faith efforts to hire Economically Disadvantaged Individuals to fill 25% of the new positions; and

WHEREAS, Employer and the FSHA desire to memorialize Employer's commitment to use good faith efforts to hire at least 50 percent of San Francisco Residents, including 25% Economically Disadvantaged Individuals, and to participate in the San Francisco Workforce Development System established by the City and County of San Francisco in accordance with the City's First Source Hiring Ordinance and the Jobs EOP agreed upon by Developer and the Treasure Island Development Authority (the "Authority") in connection with the Disposition and Development Agreement ("DDA") for the Treasure Island project. A copy of the Jobs EOP has been provided to Employer.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree as follows:

ARTICLE I

DEFINITIONS

For purposes of this Agreement, initially capitalized terms shall be defined as follow:

1.1 Available Entry Level or New Hire Position. An Entry Level or New Hire Position for which Employer's plans to hire a new employee. The term "Available Entry Level or New Hire Position" shall include both regular full-time and part-time jobs.

1.2 Applicant. An individual who has (a) completed and submitted an application via the approved Employer application process; (b) applied for a specific job; and (c) met the minimum qualifications established for the job applied for.

1.3 San Francisco Area. The San Francisco geographic area, which is attached hereto as Schedule 1.

1.4 Candidate. An individual who is interested in a position, but has not satisfied the definition of an "Applicant," as defined herein.

1.5 CBO. Any employment-training provider, including any private, non-profit organization that is representative of targeted communities or significant segments of targeted communities and that provides job training and referral services to members of such

communities. The term "CBO" may refer to a single CBO or a group of CBOs, as the context requires.

1.6 CBO Contract. An agreement pursuant to which the Designated CBO(s) shall agree and be required to perform the obligations set forth in Section 3.2, below.

1.7 Designated CBO. A CBO with which OEWD, directly or indirectly contracts to assist Employer in fulfilling the terms and conditions of this Agreement.

1.8 Economically Disadvantaged Individual. An Economically Disadvantaged Individual as defined in San Francisco Administrative Code Chapter 83 and the Jobs EOP.

1.9 Eligible Individual. An individual who is either (a) eligible to participate in a program authorized by the Workforce Investment Act of 1998, 1998 PL 105-220 (HR 1385), as determined by the San Francisco Workforce Investment Board (WISF) and the San Francisco Office of Economic and Workforce Development; (b) designated as "economically disadvantaged" by the FSHA, meaning an individual who is at risk or relying upon, or returning to, public assistance, or (c) meets the definition of Economically Disadvantaged Individual in the Jobs EOP. For the purposes of this Agreement, the term "Eligible Individual" shall include any individual who resides in San Francisco (and so identifies himself or herself) at the time such individual is hired. For purposes of this agreement, Eligible Individuals will not he considered Applicants or employees of tenant's.

1.10 Entry Level Position. A non-managerial or non-supervisory position at the Premises that requires neither education above a high school diploma or certified equivalency, nor more than two (2) years of training or specific preparation. The types of Entry Level Positions that are projected to be available at the Premises are as follows:

a. .

b. .

c. .

d. .

e. .

f. .

1.11 Initial Hiring Date. The date on which Employer commences unrestricted hiring efforts for the Covered Commercial Operation on a regular basis.

1.12 Job Notification. Written notice, in accordance with Section 4.2(a) below, from Employer to the FSHA and the designated CBO(s) (if applicable) for any Available Entry Level or New Hire Position during the term of the Agreement.

1.13 OEWD. The City and County of San Francisco Office of Economic and Workforce Development.

1.14 Pre-Hiring Period. The fourteen (14) day period immediately before the Initial Hiring Date.

1.15 Premises. The premises described in Schedule 2 attached hereto.

1.16 Qualified Pool. The pool of Applicants who have met the job qualifications and passed the applicable employment screening test, and are thus eligible to be interviewed by Employer for Available Entry Level Positions at the Premises. Candidates may apply for multiple job categories through a single application.

1.17 Premises Opening Date. The date on which the Covered Commercial Operation first opens for normal business operations.

1.18 San Francisco Resident. An individual who has domiciled, as defined by Section 349(b) of the California Election Code, within the City at least 7 days before commencing work at the Premises.

1.19 System. The San Francisco Workforce Development System established by the City and County of San Francisco, and managed by the OEWD, for maintaining (a) a pool of Eligible Individuals and (b) the mechanism by which such individuals are certified and referred to prospective employers who are subject to the First Source Hiring requirements that would otherwise be covered by Chapter 83 of the San Francisco Administrative Code. For the purposes of this Agreement, the certification and referral component of the System includes the activities of the Designated CBO(s).

1.20 System Referrals. Trainees referred by the System to Employers as Candidates for Available Entry Level or New Hire Positions.

1.21 Trainees. Eligible Individuals who are currently undertaking or have already completed the training programs provided by the Designated CBO(s) in connection with this Agreement.

ARTICLE II

HIRING GOALS

2.1 Hiring Goals. As long as this Agreement remain in full force and effect pursuant to Section 7.1, below, Employer's hiring goals shall be as follows:

a. To hire persons residing in San Francisco so that at least fifty percent (50%) of its Available Entry Level or New Hire Positions shall be filled by San Francisco Residents.

b. To hire Economically Disadvantaged Individuals so that at least twenty-five percent (25%) of its Available Entry Level or New Hire Positions shall be filled by Economically Disadvantaged Individuals.

2.2 Good Faith Efforts. Employer will make good faith efforts to meet the hiring goals set forth in Section 2.1 above. Determinations of Employer's good faith efforts shall be in accordance with the following:

a. Employer shall be deemed to have used good faith efforts to meet the hiring goals set forth in Section 2.1 if Employer satisfies each of its obligations under Articles III and IV below.

b. Employer's failure to meet the hiring goals set forth in Section 2.1 does not impute "bad faith." If the FSHA challenges Employer's good faith efforts, Employer shall use commercially reasonable efforts to provide information to the FSHA in an attempt to demonstrate to the reasonable satisfaction of the City that it has exercised good faith to satisfy its obligations under this Agreement (keeping in mind that Employer's compliance with Articles III and IV below shall deemed to constitute good faith efforts). Failure to meet the hiring goals set forth in Section 2.1 may also trigger a review of the recruitment and referral processes developed under this agreement for possible modification. Employer's proactive participation in such a review will also be a demonstration of good faith under this Agreement.

ARTICLE III

DESIGNATED CBO(S)

3.1 CBO Selection. OEWD has selected (and Employer has agreed) that the TIHDI Job Broker will act as the primary Designated CBO for the recruiting and training of Eligible Individuals. If the Authority reasonably determines that the TIHDI John Broker is not able to perform all of the recruiting and training responsibilities or other requirements of the

TIHDI Job Broker Program, OEWD may select (with Employer's approval, which approval will not be unreasonably withheld or delayed) additional CBOs if necessary to reach specific populations to be served by this JEOP.

3.2 CBO Contracts. OEWD shall contract, either directly or indirectly, with the Designated CBO(s) to implement a training program that will be aimed at assisting Employer to meet the hiring goals set forth in Section 2.1, above. OEWD shall maintain CBO Contracts (though the term of, and parties to, each such individual contract may vary over time) for the period commencing at least six (6) months before the expected Premises Opening Date, and terminating no earlier than the second (2nd) anniversary of the Premises Opening Date. The CBO Contract will require that the Designated CBO(s) undertake the following activities:

a. *Orientation Sessions*. Participate in an Employer orientation session as described in Section 4.1(d), below;

b. *Recruiting*. Recruit Eligible Individuals for job training, commencing six (6) months before the expected Premises Opening Date, including placement of ads and other publicity methods as needed;

c. *Pre-Screening*. Pre-screen Eligible Individuals to ensure that they meet certain standards before accepting them as Trainees. This pre-screening would include: (i) verification that the Eligible Individual resides in San Francisco; (ii) criminal and driving background checks; (iii) drug tests; and (iv) confirmation of the minimum reading and math skills necessary to apply for employment and function as a competent employee of Employer

d. *Life Skills Courses*. Provide life skills courses to Trainees so that Trainees acquire skills that will enable them to succeed as Employer employees and interact effectively with their supervisors, co-workers and customers;

e. *Employee Visits*. Work with Employer to arrange for current Employer's employees who reside in the San Francisco to meet with Trainee classes before the opening of the Covered Commercial Operation and discuss their experiences at Employer;

f. *Premises Visits.* Ensure that the Trainees have the opportunity to visit an operating Employer facility (if any), in the company of CBO representatives (but not necessarily Employer's employees), so that the Trainees may familiarize themselves with the typical environment and operations of an Employer facility;

g. *Application System Coaching*. Teach Trainees to participate in the job application system used by Employer at the relevant time;

h. *Interview Coaching*. Coach Trainees in appropriate conduct during interviews;

i. *Scheduling.* Arrange with Employer for System Referrals to apply for Available Entry Level or New Hire Jobs during the Pre-Hiring Period.

j. *Further Recruiting and Training*. After the Premises Opening Date through the end of the Term, maintain the recruiting and training program at a less intense level in order to fill upcoming hiring needs, in coordination with a designated Employer representative (e.g., the Human Resources Manager); and

k. *Monitoring and Reporting.* Monitor and report to OEWD and Employer or its designee, upon the Premises Opening Date and thereafter on a quarterly basis, the following numbers for the applicable time period, in each case showing subtotals for San Francisco :

i. The number of Eligible Individuals who become Trainees in the Designated CBO(s)' training program, and when they enter that training program;

ii. The number of Trainees who complete the training program and are qualified to be System Referrals, and when they complete it;

iii. The number of System Referrals who apply for a job at Employer and when they apply;

iv. The number of System Referrals who are invited to interview for an Available Entry-Level Position, and when the invitations are issued;

v. The number of System Referrals who are offered jobs by Employer and when the job offers are given; and

vi. The number of System Referrals who ultimately accept job offers from Employer, and when they accept.

ARTICLE IV

TENANT'S OBLIGATIONS

4.1 Activities Before Premises Opening Date. Employer shall undertake the following activities during that portion of the Term that is before the Premises Opening Date:

a. *Forecasting*. As soon as reasonably practical after execution of this Agreement, Employer shall provide to the OEWD notification of the Premises Opening Date, Pre-Hiring Period and Initial Hiring Date.

b. *Employer's Contact Person*. Employer shall designate a contact person who shall coordinate training and hiring activities with the OEWD.

c. *Tool Kit*. Before the commencement of the Designated CBO(s)' training activities, Employer shall prepare and supply to the Designated CBO(s) a "tool kit" describing the hiring process and benefits available to employees. The "tool kit" shall also include a clear, accurate description of each type of Available Entry Level or New Hire Position, including expectations, experience and/or educational requirements, and any special requirements (for example, language skills and/or possession of a valid California driver's license).

d. *Orientation Session*. Before the commencement of the Designated CBO(s)' training activities, Employer shall provide an orientation session for the Designated CBO(s) so that the Designated CBO(s) become familiar with Employer store operations, hiring practices and required job skills. This orientation session will include a tour at one of Employer's current facilities (if any). The orientation session shall not require Employer to share any proprietary information regarding the operation of its operations.

f. *Employee Visits*. Employer shall use reasonable efforts to identify current retail employees who reside in San Francisco to meet with Trainee classes and discuss their experiences at Employer.

g. *Targeted Hiring*. During the Pre-Hiring Period, Employer shall coordinate with the Designated CBO(s) to arrange for a pre-hiring location in a convenient, transit-accessible location. This pre-hiring location will only be open to Economically Disadvantaged Individuals. Employer will interview, and make hiring decisions regarding, Economically Disadvantaged Residents who apply during the Pre-Hiring Period before interviewing any other Candidates for Available Entry Level or New Hire Positions.

h. *Hiring Feedback*. Immediately following the Pre-Hiring Period, an Employer representative shall provide feedback to the Designated CBO(s) regarding hiring trends and why System Referrals are or are not being hired by Employer; provided, however, that this feedback shall be of a general nature such that individual Candidates and/or Applicants are not identified.

j. *Non-Discrimination*. Employer shall give due consideration to all System Referrals and shall not discriminate against any Applicant for an Available Entry Level or New Hire Position based on that Applicant's participation in the First Source Hiring Program.

4.2 Activities After the Premises Opening Date. Commencing as of the Premises Opening Date:

a. *Hiring Procedures.* Employer shall process all Candidates and Applicants through Employer's standard hiring methods; however, Employer shall adhere to the following protocols: after the Premises Opening Date, Employer shall promptly deliver by mail, messenger or facsimile to OEWD or an OEWD Designee if requested by OEWD, a Job Notification for any Available Entry Level or New Hire Positions, as soon as they become available during the term of the Agreement. The Job Notification shall also be delivered to the Designated CBO(s) if the Available Entry Level or New Hire Position becomes available within the first two years after the Premises Opening Date. For each Available Entry Level or New Hire Position, the following requirements apply:

i. The Job Notification shall provide a clear, accurate job description, including expectations, whether the position is part time (less than 32 hours a week) or full time, minimum wages to be paid, and any special requirements.

ii. During the seventy-two (72) hour period following delivery of the Job Notification, Employer may only interview and/or hire Eligible Individuals for the Available Entry Level or New Hire Position but may publicize the upcoming position. Before interviewing and/or hiring any other applicants for the Available Entry Level or New Hire Position, Employer shall first review any (a) applications received from San Francisco Residents and Economically Disadvantaged Individuals during the 72-hour period following delivery or of the Job Notification, and (b) any applications from San Francisco Residents and Economically Disadvantaged Individuals that exist in the Qualified Pool on or before the end of such 72-hour period.

iii. Employer shall not be required to deliver a Job Notification or hire an Eligible Individual for an Available Entry Level or New Hire Position if Employer reasonably determines that there is an urgent need to fill that position immediately in order to perform essential functions of its operation. If Employer determines that there is an urgent need to fill a

position immediately in order to perform essential functions of its operations in reliance on this subsection, it shall provide OEWD notice of this fact as soon as possible.

b. *Scope of Qualified Pool*. Notwithstanding Section 4.2(a), above, Employer shall require that all Candidates for Available Entry Level or New Hire Positions at the Covered Commercial Operation apply at the Premises itself, instead of being able to apply at other existing stores. This is expected to increase the percentage of San Francisco Residents and Economically Disadvantaged Residents in the Qualified Pool for the Premises. Employer shall continue this practice so long as Employer is able to hire a sufficient number of qualified employees to undertake normal business operations; provided, however, that if isolated instances occur where Employer is unable to fill a specific position from Applicants in the Qualified Pool, the scope of the Qualified Pool shall remain restricted to Applicants at the Premises but Employer may recruit from Employer's other stores to fill that specific position. If Employer reasonably determines that it is not able to hire a sufficient number of qualified employees on an ongoing basis to undertake normal business operations, this Section 4.2(b) shall no longer be effective.

c. *Job Needs Communications*. A designated Employer representative (e.g., the Human Resources Manager) shall use reasonable efforts to coordinate with the Designated CBO(s) and OEWD in order to furnish information regarding the number of upcoming job openings for the Premises, to the extent that such job openings can be identified.

d. *Standard Retention Efforts*. In order to promote retention among the newly hired System Referrals, Employer shall implement retention efforts consistent with Employer company practices. These retention efforts currently include: an orientation / assimilation process; product knowledge classes; and an initial performance review after the first ninety (90) days of employment. Employer shall have the sole discretion to modify its retention efforts at any time.

e. *Additional Retention Efforts*. In addition to the standard retention efforts described in Section 4.2(d), above, an Employer representative shall communicate with the Designated CBO(s) and OEWD on a regular basis to provide feedback intended to enhance the hiring of, and satisfactory job performance by, the System Referrals. This feedback shall be general in nature and shall not be focused on specific individuals.

4.3 Record-Keeping Obligations. Employer shall create and maintain records of the number of San Francisco Residents and Economically Disadvantaged Residents who work at the Premises throughout the term of this Agreement and for 2 years following the expiration or termination of this Agreement.

4.4 Reporting Obligations. Employer shall cause the information gathered pursuant to Section 4.3, above, plus the information provided by the Designated CBO(s) pursuant to Section 3.2(1), above, to be reported to the OEWD every six (6) months for the term of this Agreement.

ARTICLE V

HIRING CONDITIONS

5.1 Employer Retains Discretion Regarding Hiring Decisions. Employer shall have the sole discretion to make all hiring decisions, including determining whether a System Referral shall be interviewed for an Available Entry Level or New Hire Position, or is qualified for that position. The parties agree and acknowledge that every individual considered by Employer for employment in a particular job category must pass an employment test to be placed into the Qualified Pool for that job category, and that Candidates who fail to pass a drug test, a background check, and/or any other nondiscriminatory pre-employment conditions that Employer establishes from time to time in its sole discretion, will not be hired by Employer. Any System Referral who is hired by Employer shall have the same rights and obligations as all other employees in similar positions. Employer shall not discriminate against any employees on the basis of participation in the First Source Hiring Program. Employment with Employer is not for a specified term and is at the mutual consent of the employee and Employer, and the employment relationship may be terminated with or without cause, and with or without prior notice, by either the employee or Employer. Nothing in this Agreement is intended to alter the "at-will" nature of an individual's employment with Employer.

5.2 No Modification of Employer Hiring Practices. Nothing in this Agreement shall require Employer to (a) modify in any manner its hiring practices including, without limitation, any computerized application system, background checks, drug tests, and skills tests; or (b) to violate any court order, consent decree, law or statute.

5.3 Exception for Essential Functions. Nothing in this Agreement shall preclude Employer from using temporary or reassigned existing employees to perform essential functions

of its operation; provided, however, Employer obligation to use good faith efforts to meet the hiring goals set forth in Section 2.1 shall remain in effect. For these purposes, "essential functions" means those functions necessary to meet business obligations.

ARTICLE VI

THE FSHA'S OBLIGATIONS

Pursuant to this Agreement, the FSHA (or its designee) shall:

a. Provide for City sponsored pre-employment screening, employment training, and support services programs.

b. Follow up with Employer and the Designated CBO(s) on the outcomes of System Referrals, and initiate corrective action as necessary to maintain an effective employment training and delivery system;

c. Provide Employer with reporting forms, consistent with the reporting obligations set forth in Section 4.3, above, for monitoring the requirements of this Agreement; and

d. Monitor the performance of the Agreement by examination of records of Employer's hiring activities as submitted in accordance with the requirements of this Agreement.

ARTICLE VII

DURATION AND SCOPE OF THIS AGREEMENT

7.1 Duration. This Agreement shall be in full force and effect until the tenth (10th) anniversary of the Premises Opening Date. Should the Covered Commercial Operation close permanently before such date, this Agreement shall terminate as of the date of such closing and shall be of no further force and effect on the parties hereto. Notwithstanding the foregoing as of the (2nd) anniversary of the Premises Opening Date, the terms and obligations of the following sections of this Agreement shall be void and of no further force or effect: Article III in its entirety, and the following sections from Article IV: Section 4.1, Section 4.2(b) and Section 4.2(e).

7.2 Scope. The provisions of this Agreement shall apply only to employees hired by Employer to be assigned on a primary basis to positions at the Premises. Employer's efforts to recruit and hire employees to be assigned to any positions at locations other than the Premises are not within the scope of this Agreement. Should Employer lease a portion of the space at the

Premises, Employer shall be required to include this Agreement in any lease or occupancy contract and require that the tenant/occupant comply with the requirements of this Agreement; provided, the parties may instead decide to have the tenant/occupant enter into a separate first source hiring agreement. If Employer fulfills its obligations under this Agreement, Employer shall not be held responsible for any failure of a tenant/occupant to comply with this Agreement or a separate first source hiring agreement.

7.3 Satisfaction of First Source Hiring Commitments. Employer's fulfillment of its obligations under this Agreement shall constitute fulfillment of the terms of the First Source Hiring Program under the Jobs EOP.

ARTICLE VIII

NOTICE

8.1 General Terms. All notices to be given under this Agreement shall be in writing and sent by: (a) certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail; (b) a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier; or (c) hand delivery, in which case notice shall be deemed delivered on the date received, all as follows:

If to the FSHA: First Source Hiring Coordinator
OEWD
50 Van Ness Avenue
San Francisco, CA 94110
Attn: Guillermo Rodriguez

If to Employer:

Copy to:

Either party may change its address for notice purposes by giving the other party notice of its new address as provided herein. A "business day" is any day other than a Saturday, Sunday or a day in which banks in San Francisco, California are authorized to remain closed.

8.2 Employer's Reports. Notwithstanding the foregoing, any reports required by Employer under this Agreement (collectively, "Employer's Reports") shall be delivered to the address of the FSHA pursuant to this Section via first class mail, postage paid, and such

Employer's Reports shall be deemed delivered two (2) business days alter deposit in the mail in accordance with this Subsection.

ARTICLE IX

GENERAL PROVISIONS

9.1 Entire Agreement. This Agreement contains the entire agreement between the parties to this Agreement and shall not be modified in any manner except by an instrument in writing executed by the parties or their respective successors in interest.

9.2 Severability. If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected.

9.3 Counterparts. This Agreement may be executed in one or more counterparts. Each shall be deemed an original and all, taken together, shall constitute one and the same instrument.

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

9.5 Headings. Section titles and captions contained in this Agreement are inserted as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any of its provisions.

9.6 Relationship of Parties. It is specifically understood and agreed by the parties that the development of the Premises is a private development. Nothing contained in this Agreement shall be deemed or construed, either by the parties hereto or by any third party, to create the relationship of principal and agent or create any partnership, joint venture or other association between Employer and the City and County of San Francisco.

9.7 No Obligations to Third Party. This Agreement is not intended and shall not be construed to create any third party beneficiary rights in any person or entity that is not a third party hereto, and no action to enforce the terms of this Agreement may be brought against either party by any person or entity that is not a party hereto.

9.8 Governing Law. This Agreement shall be governed and construed by the laws of the State of California.

9.9 No Implied Waivers. No failure by the City to insist upon the strict performance of any obligation of Employer under this Agreement or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues,

shall constitute a waiver of such breach or of the City's right to demand strict compliance with such term, covenant or condition. No waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by an authorized representative of the City, and only to the extent expressly provided in such written waiver. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance.

9.10 Violations. The failure by Employer to make Entry Level or New Hire Positions available to the FSHA for referral of economically disadvantaged individuals as required by this Agreement shall cause Employer to be subject to penalties as set forth in the First Source Hiring Ordinance (Section 83.12 of the City's Administrative Code).

9.11 City Contracting Provisions. The City contracting provisions set forth in Schedule 1 are incorporated into this Agreement, and Employer agrees to comply with such provisions, as applicable, in the performance of its work under this Agreement.

IN WITNESS WHEREOF, the following have executed this Agreement as of the date set forth above.

FSHA
First Source Hiring Administration
City and County of San Francisco

By:_____
Name: Rhonda Simmons
Its: DFR, Workforce DIV, OEWD
Date: 9/2/09

Schedule 1

San Francisco Geographic Area

[to be attached]

Schedule 2 to Attachment A-3

City Contracting Provisions

[from DDA Article 27]

Special Provisions. The following Ordinances of the City and County of San Francisco, as the same are in effect as of the Effective Date of the DDA and as amended or updated to the extent permitted under the Development Agreement, apply to the Project and the Work.

27.1 Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Covenant Not to Discriminate. In the performance of this Agreement, Developer covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under Chapter 12 of the San Francisco Administrative Code against any employee of Developer or any City and County employee working with Developer, any applicant for employment with Developer, or any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Developer in the City and County of San Francisco.

(b) Subleases and Other Contracts. Developer shall include in all subleases and other contracts relating to the Project Site to which Developer is a signing party a non-discrimination clause applicable to such subtenant or other contractor in substantially the form of Section 27.1(a) above. In addition, Developer shall incorporate by reference in all Subleases and other contracts the provisions of Sections 12B.2(a), 12B.2(c)-(k) and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Developer's failure to comply with the obligations in this Section 27.1(b) shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Developer does not as of the Reference Date and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "**Core Benefits**") as well as any benefits other than the Core Benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2 of the San Francisco Administrative Code.

(d) HRC Form. On or prior to the Effective Date, Developer shall execute and deliver to the Authority the "Nondiscrimination in Contracts and Benefits" form approved by the San Francisco Human Rights Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Developer shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Developer understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Developer and/or deducted from any payments due Developer.

27.2 Jobs and Equal Opportunity Program. Developer shall comply with the Jobs EOP, including the requirements relating to Developer's compliance with the City's First Source Hiring Program (San Francisco Administrative Code Section 83.1 et seq.).

27.3 Labor Representation (Card Check). San Francisco Administrative Code Chapter 23, Article VI shall apply to (i) hotel and restaurant operators that employ more than fifty (50) employees on the Project Site, and (ii) grocery operators that employ more than fifty (50) employees on the Project Site. Hotel operators shall also be required to utilize the TIHDI Job Broker for job referrals as described in and consistent with the Jobs EOP.

27.4 Wages and Working Conditions. Developer agrees that any person performing Construction Work (as defined in the Jobs EOP) shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Developer shall include in any contract for Construction Work a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Developer shall require any Construction Contractor to provide, and shall deliver to the Authority and City upon request, certified payroll reports with respect to all persons performing labor in connection with the construction.

27.5 Requiring Health Benefits for Covered Employees. Unless exempt, Developer agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("**HCAO**"), as set forth in San Francisco Administrative Code Chapter 12Q (Chapter 12Q), including the implementing regulations as the same may be amended or updated from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is currently available on the web at www.sfgov.org. Capitalized terms used in this Section 27.5 and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee Developer shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO.

(b) Notwithstanding the above, if Developer meets the requirements of a "small business" by the City pursuant to Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Section 27.8(a) above.

(c) Developer understands and agrees that the failure to comply with the requirements of the HCAO shall constitute a material breach by Developer of this Agreement.

(d) If, within 30 days after receiving written notice of a breach of this Agreement for violating the HCAO, Developer fails to cure such breach or, if such breach cannot reasonably be cured within such 30-day period, Developer fails to commence efforts to cure within such period, or thereafter fails to diligently pursue such cure to completion, the City shall have the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City and the Authority.

(e) Any sublease or contract regarding services to be performed on the Project Site entered into by Developer shall require the subtenant or contractor and subcontractors, as applicable, to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in Chapter 12Q of the Administrative Code. Developer shall notify the City's Purchasing Department when it enters into such a sublease or contract and shall certify to the Purchasing Department that it has notified the subtenant or contractor of the obligations under the HCAO and has imposed the requirements of the HCAO on the subtenant or contractor through written agreement with such subtenant or contractor. Developer shall be responsible for ensuring compliance with the HCAO for each subtenant, contractor and subcontractor performing services on the Project Site. If any subtenant, contractor or subcontractor fails to comply, the City or the Authority may pursue the remedies set forth in Section 12Q.5 of the Administrative Code against Developer based on the subtenant's, contractor's, or subcontractor's failure to comply, provided that the Authority has first provided Developer with notice and an opportunity to cure the violation.

(f) Developer shall not discharge, reprimand, penalize, reduce the compensation of, or otherwise discriminate against, any employee for notifying the City of any issue relating to the HCAO, for opposing any practice proscribed by the HCAO, for participating in any proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(g) Developer represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the requirements of the HCAO.

(h) Developer shall keep itself informed of the requirements of the HCAO, as they may change from time to time.

i) Upon request, Developer shall provide reports to the City and the Authority in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subtenants, contractors, and subcontractors.

(j) Within five (5) business days of any request, Developer shall provide the City and the Authority with access to pertinent records relating to any Developer's compliance with the HCAO. In addition, the City and its agents may conduct random audits of Developer at any time during the Term. Developer agrees to cooperate with City and the Authority in connection with any such audit.

(k) If a contractor or subcontractor is exempt from the HCAO because the amount payable to such contractor or subcontractor under all of its contracts with the City or relating to City-owned property is less than $25,000.00 (or $50,000.00 for nonprofits) in that fiscal year, but such contractor or subcontractor later enters into one or more agreements with the City or relating to City-owned property that cause the payments to such contractor or subcontractor to equal or exceed $75,000.00 in that fiscal year, then all of the contractor's or subcontractor's contracts with the City and relating to City-owned property shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements to equal or exceed $75,000.00 in the fiscal year.

27.6 Developer Conflicts of Interest. Through its execution of this Agreement, Developer acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, certifies that it knows of no facts which would constitute a violation of such provisions and agrees that if Developer becomes aware of any such fact during the Term Developer shall immediately notify the Authority. Developer further certifies that it has made a complete disclosure to the Authority of all facts bearing on any possible interests, direct or indirect, which Developer believes any officer or employee of the City or the Authority presently has or will have in this Agreement or in the performance thereof or in any portion of the profits thereof. Willful failure by Developer to make such disclosure, if any, shall constitute grounds for the Authority's termination and cancellation of this Agreement.

27.7 Prohibition of Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, no funds appropriated by the Authority for this Agreement may be expended for organizing, creating, funding, participating in, supporting, or attempting to influence any political campaign for a candidate or for a ballot measure (collectively, "**Political Activity**"). The terms of San Francisco Administrative Code Chapter 12.G are incorporated herein by this reference. Accordingly, an employee working in any position funded under this Agreement shall not engage in any Political Activity during the work hours funded hereunder, nor shall any equipment or resource funded by this Agreement be used for any Political Activity. In the event Developer, or any staff member in association with Developer, engages in any Political Activity, then (i) Developer shall keep and maintain appropriate records to evidence compliance with this section, and (ii) Developer shall have the burden to prove that no funding from this Agreement has been used for such Political Activity. Developer agrees to cooperate with any audit by the Authority, the City or its designee in order to ensure compliance with this section. In the event Developer violates the provisions of this

section, the City or the Authority may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement and any other agreements between Developer and the Authority, (ii) prohibit Developer from bidding on or receiving any new City or Authority contract for a period of two (2) years, and (iii) obtain reimbursement of all funds previously disbursed to Developer under this Agreement.

27.8 Notification of Limitations on Contributions. Through its execution of this Agreement, Developer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code (the "**Conduct Code**") which prohibits or a state agency on whose board an appointee of a City elective officer serves, for the selling or leasing of any land or building to or from the City or a state agency on whose board an appointee of a City elective officer serves, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six (6) months after the date the contract is approved. Developer acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Developer further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Developer's board of directors; Developer's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Developer; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Developer. Additionally, Developer acknowledges that Developer must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Developer further agrees to provide the Authority the name of each person, entity or committee described above.

27.9 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between the Authority and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

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

27.11 Tropical Hardwood and Virgin Redwood Ban. The City and the Authority urge companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood wood product, or any virgin redwood or virgin redwood wood product. Developer agrees that, except as permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Developer shall not use or incorporate any tropical hardwood or virgin redwood in the construction of the Improvements. Developer shall not provide any items to the construction of the Project, or otherwise in the performance of this Agreement which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Developer fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Developer shall be liable for liquidated damages for each violation in any amount equal to the contractor's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

27.12 Resource-Efficient Facilities and Green Building Requirements. Developer acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 710 relating to resource-efficient buildings and green building design requirements. Developer hereby agrees it shall comply with the applicable provisions of such code sections.

27.13 Tobacco Product Advertising Prohibition. Developer acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the City or the Authority, including the Project Site. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition shall not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

27.14 Drug-Free Workplace. Developer acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. Sections 701 et seq.), the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City or Authority premises. Developer and its agents or assigns shall comply with all terms and provisions of such Act and the rules and regulations promulgated thereunder. Developer agrees that any violation of this prohibition by Developer, its agents or assigns shall be deemed a material breach of this Agreement.

27.15 Pesticide Ordinance. Developer shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "**Pesticide Ordinance**") which (i) prohibit the use of certain pesticides on City or Authority property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Developer to submit to the Authority an integrated pest management ("**IPM**") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Developer may need to apply to the Project Site during the Term, (b) describes the steps Developer will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance, and (c) identifies, by name, title, address and telephone number, an individual to act as Developer's primary IPM contact person with the City or the Authority. In addition,

Developer shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Through the Authority, Developer may seek a determination from the City's Commission on the Environment that Developer is exempt from complying with certain portions of the Pesticide Ordinance with respect to this Agreement, as provided in Section 307 of the Pesticide Ordinance. The Authority shall reasonably cooperate with Developer, at Developer's sole cost and expense, if Developer seeks in good faith an exemption under the Pesticide Ordinance.

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

27.17 Compliance with Disabled Access Laws. Developer acknowledges that, pursuant to the Disabled Access Laws, programs, services and other activities provided by a public entity to the public, whether directly or through Developer or contractor, must be accessible to the disabled public. Developer shall not discriminate against any person protected under the Disabled Access Laws in connection with the use of all or any portion of the Property and shall comply at all times with the provisions of the Disabled Access Laws.

27.18 Protection of Private Information. Developer agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "**Protection of Information Ordinance**"), including the remedies provided therein. The provisions of the Protection of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this Section 27.18 and not defined in this Agreement shall have the meanings assigned to such terms in the Protection of Private Information Ordinance. Consistent with the requirements of the Protection of Private Information Ordinance, Developer agrees to all of the following:

(i) Neither Developer nor any of its contractors or subcontractors who receive Private Information from the City or the Authority in the performance of a contract may disclose that information to a subcontractor or any other person or entity, unless one of the following is true:

(i) The disclosure is authorized by this Agreement;

(ii) Developer received advance written approval from the Authority to disclose the information; or

(iii) The disclosure is required by judicial order.

(ii) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement or the Authority's approval and shall not be used except as necessary in the performance of the obligations under the contract. Any disclosure or use of Private Information authorized by the Authority shall be in accordance with any conditions or restrictions stated in the approval.

(iii) "**Private Information**" shall mean any information that (1) could be used to identify an individual, including without limitation name, address, social security number, medical information, financial information, date and location of birth, and names of relative; or (2) the law forbids any person from disclosing.

(iv) Any failure of Developer to comply with the Protection of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the Authority may terminate this Agreement, debar Developer, or bring a false claim action against Developer.

27.19 Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the Authority's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Developer shall remove all graffiti from any real property owned or leased by Developer in the City and County of San Francisco within forty-eight (48) hours of the earlier of Developer's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works or the Authority. This Section 27.19 is not intended to require Developer to breach any lease or other agreement that it may have concerning its use of the real property. The term "**graffiti**" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any

sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code, or the San Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Developer to comply with this Section 27.19 shall constitute a Developer Event of Default.

27.20 Food Service Waste Reduction Ordinance. Developer agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. This provision is a material term of this Agreement. By entering into this Agreement, Developer agrees that if it breaches this provision, the Authority and City will suffer actual damages that will be impractical or extremely difficult to determine; further, Developer agrees that the sum of one hundred dollars ($100.00) liquidated damages for the first breach, two hundred dollars ($200.00) liquidated damages for the second breach in the same year, and five hundred dollars ($500.00) liquidated damages for-subsequent breaches in the same year is a reasonable estimate of the damage that the Authority and City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by the Authority and City because of Developer's failure to comply with this provision.

27.21 Charter Provisions. This Agreement is governed by and subject to the provisions of the Charter of the City and County of San Francisco, including the budgetary and fiscal provisions of the City's Charter. Notwithstanding anything to the contrary contained in this Agreement, there shall be no obligation for the payment or expenditure of money by the Authority or City under this Agreement unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Developer acknowledges that in no event shall the City's General Fund have any liability for any of the Authority's obligations under this Agreement.

27.22 Incorporation. Each and every provision of the San Francisco Administrative Code or any other San Francisco Code specifically described or referenced in this Agreement is hereby incorporated by reference, as it exists on the Effective Date as though fully set forth herein.

Exhibit B

Dispute Resolution

I. ARBITRATION OF DISPUTES

1. Arbitration

Any dispute involving the alleged breach or enforcement of this Program (excluding disputes relating to the First Source Hiring Agreement and the applicable City ordinances) shall be submitted to arbitration in accordance with this Exhibit B. The FHSA may also require participation in this arbitration process after following the procedures set forth in the First Source Hiring Ordinance, as set forth in Section 2.6 of the Jobs EOP.

The arbitration shall be submitted to the American Arbitration Association, San Francisco, California office ("***AAA***") which will use the Commercial Rules of the AAA then applicable, but subject to the further revisions thereof. If there is a conflict between the Commercial Rules of the AAA and the arbitration provisions in this Program, the arbitration provisions of this Program shall govern. The arbitration shall take place in the City and County of San Francisco.

2. Demand for Arbitration

The party seeking arbitration shall make a written demand for arbitration ("***Demand for Arbitration***"). The Demand for Arbitration shall contain at a minimum: (1) a cover letter demanding arbitration under this provision and identifying the entities believed to be involved in the dispute; (2) a copy of the notice of default, if any, sent from one party to the other; (3) any written response to the notice of default; and (4) a brief statement of the nature of the alleged default.

3. Parties' Participation

All persons or entities affected by the dispute (including, as applicable, the Authority, Developer, Vertical Developers, Construction Contractor (and subcontractor) and Permanent Employer) and shall be made Arbitration Parties. Any such person or entity not made an Arbitration Party in the Demand for Arbitration may intervene as an Arbitration Party and in turn may name any other such affected person or entity as an Arbitration Party; provided that, upon request by any party, the arbiter may dismiss such party if it is not reasonably affected by the dispute.

4. Authority Request to AAA

Within seven (7) business days after service or receipt of a Demand for Arbitration, the Authority shall transmit to AAA a copy of the Demand for Arbitration and any written response thereto from an Arbitration Party. Such material shall be made part of the arbitration record.

5. Selection of Arbitrator

One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators from AAA by the Arbitration Parties in accordance with the AAA rules. The parties shall act diligently in this regard. If the Arbitration Parties fail to agree on an arbitrator within seven (7) business days from the receipt of the panel, AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be the arbitrator's agreement to: (i) submit to all Arbitration Parties the disclosure statement required under California Code of Civil Procedure Section 1281.9; and (ii) render a decision within thirty (30) days from the date of the conclusion of the arbitration hearing.

6. Setting of Arbitration Hearing

A hearing shall be held within ninety (90) days of the date of the filing of the Demand for Arbitration with AAA, unless otherwise agreed by the Arbitration Parties. The arbitrator shall set the date, time and place for the arbitration hearing(s) within the prescribed time periods by giving notice by hand delivery or first class mail to each Arbitration Party.

7. Discovery

In arbitration proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05 as it may be amended from time to time.

8. California Law Applies

California law, including the California Arbitration Act, Code of Civil Procedure §§ 1280 through 1294.2, shall govern all arbitration proceedings in any Employment and Contracting Agreement.

9. Arbitration Remedies and Sanctions

The arbitrator may impose only the remedies and sanctions set forth below:

a. Order specific, reasonable actions and procedures to mitigate the effects of the non-compliance and/or to bring any non-compliant Arbitration Party into compliance with the Program.

b. Require any Arbitration Party to refrain from entering into new contracts related to work covered by the Program or ECA, or from granting extensions or modifications to existing contracts related to services covered by the Program or ECA, other than those minor modifications or extensions necessary to enable completion of the work covered by the existing contract.

c. Direct any Arbitration Party to cancel, terminate, suspend or cause to be cancelled, terminated or suspended, any contract or portion(s) thereof for failure of any Arbitration Party to comply with any of the requirements in this Program or the ECA. Contracts may be continued upon the condition that a program for future compliance is approved by the Authority. If any Arbitration Party is found to be in willful breach of its obligations hereunder,

the arbitrator may impose a monetary sanction not to exceed Fifty Thousand Dollars ($50,000.00) or ten percent (10%) of the base amount of the breaching party's contract, whichever is less, provided that, in determining the amount of any monetary sanction to be assessed, the arbitrator shall consider the financial capacity of the breaching party. No monetary sanction shall be imposed pursuant to this paragraph for the first willful breach of the Employment and Contracting Program Agreement unless the breaching party has failed to cure after being provided written notice and a reasonable opportunity to cure. Monetary sanctions may be imposed for subsequent uncured willful breaches by any Arbitration Party whether or not the breach is subsequently cured. For purposes of this paragraph, "***willful breach***" means a knowing and intentional breach.

d. Direct any Arbitration Party to produce and provide to the Authority any records, data or reports which are necessary to determine if a violation has occurred and/or to monitor the performance of any Arbitration Party.

10. Arbitrator's Decision

The arbitrator will normally make his or her award within twenty (20) days after the date that the hearing is completed but in no event past thirty (30) days from the conclusion of the arbitration hearing; provided that where a temporary restraining order is sought, the arbitrator shall make his or her award not later than twenty-four (24) hours after the hearing on the motion. The arbitrator shall send the decision by certified or registered mail to each Arbitration Party and shall also copy all Arbitration Parties by email (if email addresses are provided).

11. Default Award; No Requirement to Seek an Order Compelling Arbitration

The arbitrator may enter a default award against any person or entity who fails to appear at the hearing, provided that: (1) the person or entity received actual written notice of the hearing; and (2) the complaining party has a proof of service for the absent person or entity. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy pursuant to Code of Civil Procedure §1281.2.

12. Arbitrator Lacks Power to Modify

Except as expressly provided above in this Exhibit B, the arbitrator shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of the Employment and Contracting Program Agreement or to negotiate new agreements or provisions between the parties.

13. Jurisdiction/Entry of Judgment

The inquiry of the arbitrator shall be restricted to the particular controversy which gave rise to the Demand for Arbitration. A decision of the arbitrator issued hereunder shall be final and binding upon all Arbitration Parties. The prevailing Arbitration Party(ies) shall be entitled to reimbursement for the arbitrator's fees and related costs of arbitration. If a subcontractor is the losing party and fails to pay the fees within 30 days, then the applicable Construction Contractor (for whom that subcontractor worked) shall pay the fees. Each Arbitration Party shall pay its own attorneys' fees, provided, however, those attorneys' fees may be awarded to the prevailing

party if the arbitrator finds that the arbitration action was instituted, litigated, or defended in bad faith. Judgment upon the arbitrator's decision may be entered in any court of competent jurisdiction.

14. Exculpation

Except as set forth in Section 13 above, each Arbitration Party shall expressly waive any and all claims against the Authority, TIHDI and the City for costs or damages, direct or indirect, relating to this Jobs EOP or the arbitration process in this Exhibit B, including but not limited to claims relating to the start, continuation and completion of construction.

Exhibit C

TIHDI Job Broker Responsibilities

It is anticipated that TIHDI will refine the Job Broker Program to ensure that appropriately screened, trained and qualified applicants are available to be referred to fill open construction and non-construction short-term and permanent jobs. The TIHDI Job Broker will work with CityBuild and the local construction and non-construction employment-training community, including organized labor's apprenticeship programs, to develop and expand outreach, training and employment retention programs that maximize the opportunity to meet the desired goals outlined in this Policy.

The TIHDI Agreement contemplates that a Memorandum of Understanding (MOU) between TIHDI and OEWD may be developed to clearly outline roles and responsibilities to formalize how this System will be managed. The Authority shall oversee this work, and develop appropriate monitoring systems in collaboration with other involved parties. The responsibility for the overall success of the Job Broker/Placement System, is shared by all parties – TIHDI, the Authority, OEWD, Developer, Vertical Developers, Construction Contractors, and Permanent Employers.

At a minimum, it is envisioned that the TIHDI Job Broker Program for the Project will perform the following duties:

- Coordinate with member agencies of TIHDI and city agencies to direct and coordinate outreach, soft skills training, barrier removal, and employment counselling, and refer qualified applicants to the project.

- Provide a central physical as well as electronic location for permanent job listings at Treasure Island, distribute listing information at least weekly, and coordinate systematically with existing CBOs and job collaboratives.

- Certify the status of applicants as qualified Economically Disadvantaged Persons as well as TIHDI/SF residents.

- In collaboration with CityBuild, ensure that all referrals for construction employment are job ready.

- Develop appropriate, ongoing relationships with relevant building trades and other unions. CityBuild will ultimately develop referral mechanisms and systems with these unions as appropriate employment opportunities are available.

- Be the sole screening and referral agent for applicants to firms and commercial tenants who are prospective permanent employers.

- Provide technical assistance to permanent firms and commercial tenants in utilizing other governmental employment development programs (e.g., enterprise zone, job

training subsidies, tax credits, effective strategies for managing a diverse workforce, etc.).

- Maintain qualifying income and other eligibility data on referrals.

- Coordinate and communicate with OEWD and community-based organizations to prepare training activities specific to projected work opportunities in this project; or to work directly with organizations that already provide such training.

The TIHDI Job Broker will have the following specific obligations:

- Organize and implement a Job Broker Program to ensure that screened, eligible, qualified and referred Economically Disadvantaged Persons are timely referred to CityBuild for referral to Developer, Vertical Developers and other employers.

- The TIHDI Job Broker may implement its referral system in conjunction with existing Community Based Organizations provided the TIHDI Job Broker Program provides a central job listing for Treasure Island, certifies the status of applicants as qualified, refers screened, eligible and qualified applicants to TIHDI or other parties to their respective ECAs and others, provides technical assistance to TIHDI or other parties to their respective ECAs and others in utilizing other governmental employment development programs and maintains income data on referrals and tracks hiring by TIHDI or other parties to their respective ECAs through data supplied by CityBuild.

- Develop specific relationships with community-based organizations that have the capacity to train and/or refer qualified applicants for specific jobs.

- Community Based Organizations may participate in the TIHDI Job Broker Program if they have experience in successful job placement programs, maintain good relationships with Developer, Vertical Developers and others, maintain an employability assessment screening program, retain staff with appropriate credentials to support program activity, agree to share information with others, have the financial capacity and technical expertise to participate in the TIHDI Job Broker Program as reasonably determined. This includes providing ongoing job retention support to workers on the Island.

- The TIHDI Job Broker Program is intended to ensure flexibility in TIHDI's and Developer and Vertical Developers' efforts to achieve goals in employment and contracting set out above. the Authority and TIHDI shall have the right to negotiate changes in the design and implementation of the TIHDI Job Broker Program pursuant to and consistent with the terms of the 1996 TIHDI Agreement.

- The TIHDI Job Broker Program, as well as the overall project, should be monitored annually for overall effectiveness, and to make necessary adaptations to the system. This will be done collaboratively by all involved parties, and will be facilitated by the Authority.

EXHIBIT Q
PRE-APPROVED ARBITERS LIST

Qualified arbiters with Real Estate expertise from the AAA's National Panel of Arbitrators and Mediators

1. **Bruce Belding**
2. **David Heilbron**
3. **Matthew Geyer**
4. **William Quinby**
5. **Hon. Carl West Anderson**

Qualified arbiters with Real Estate expertise from the CPR Institute for Dispute Resolution

6. **Zela G. Claiborne**
7. **Hon. Charles B. Renfrew**

EXHIBIT R

Form of Reversionary Quitclaim Deed

This document is exempt from payment of a recording fee pursuant to California Government Code Section 27383 **RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:** **Treasure Island Development Authority** **c/o Office of Economic and Workforce Development** **City Hall, Room 234** **1 Dr. Carlton B. Goodlett Place** **San Francisco, California 94102** **Attention: Rich Hillis**	

Recorder's Stamp

Reversionary Quitclaim Deed

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, _____, a _____ ("**Developer**"), does hereby quitclaim to the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California nonprofit public benefit corporation (the "**Authority**"), all of its right, title and interest in and to all of that real property located in the City and County of San Francisco, California described in Exhibit R-1 attached hereto.

AUTHORITY:

Authorized by Authority Resolution No. _____ adopted _____

Approved as to Form:
DENNIS J. HERRERA,
City Attorney

By: _____
Name: _____
Title: Deputy City Attorney

TREASURE ISLAND DEVELOPMENT AUTHORITY,
a California nonprofit public benefit corporation

By: _____
Name: _____
Title: _____

DEVELOPER:

_____,
a _____,

By: _____
Name: _____
Title: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

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

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

WITNESS my hand and official seal.

_____ (Seal)
Notary Public

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

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

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

WITNESS my hand and official seal.

_____ (Seal)
Notary Public

EXHIBIT R-1

Legal Description

[ATTACHED]

Exhibit S - Summary Proforma

	Total	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Residential For Sale - Market Rate	5,035	-	385	275	453	344	368	429	582	428	267
Residential For Sale - Affordable	207	-	18	16	25	17	12	18	9	23	15
Residential For Rent - Market Rate	503	-	-	43	112	107	-	85	-	-	156
Residential For Rent - Afford Incl	91	-	-	8	20	19	-	15	-	-	29
Branded Condo	117	-	-	-	-	-	-	-	-	-	-
TIDA/TIHDI[1]	1,684	-	137	612	72	267	-	175	65	-	164
Subtotal	7,637	-	540	954	682	754	380	722	656	451	631
Commercial Square Feet	352,591	-	-	65,329	-	-	-	-	-	137,036	-
Hotel Rooms	250	-	-	-	-	-	50	-	200	-	-
REVENUES											
Residential For Sale - Market Rate	462,010,022	-	76,840,726	32,911,085	64,270,211	40,380,073	21,577,181	62,329,018	26,717,425	37,092,535	16,987,559
Residential For Sale - Affordable Inclusionary	(58,361,213)	-	(3,913,275)	(3,576,516)	(7,549,409)	(3,933,991)	(4,289,126)	(5,509,572)	(2,082,701)	(6,834,650)	(5,151,381)
Residential For Rent - Market Rate	50,300,000	-	-	4,300,000	11,200,000	10,700,000	-	8,500,000	-	-	15,600,000
Residential For Rent - Affordable Inclusionary	(14,560,000)	-	-	(1,280,000)	(3,200,000)	(3,040,000)	-	(2,400,000)	-	-	(4,640,000)
Commercial Acreage Sales	17,500,000	-	-	-	-	-	2,500,000	-	-	-	-
Branded Condo	23,400,000	-	-	-	-	-	-	-	-	-	-
TIHDI / TIDA	-	-	-	-	-	-	-	-	-	-	-
Rental Revenues from Existing Buildings / Units	75,317,653	8,590,610	9,112,984	8,535,416	8,535,416	8,535,416	6,401,562	6,401,562	6,401,562	4,267,708	2,133,854
Marketing Revenue From Builders	33,522,032	-	-	2,121,464	1,574,961	3,227,286	2,267,223	2,218,351	3,043,879	4,023,264	2,600,771
Total Revenues Before Inflation	589,128,494	8,590,610	82,040,434	43,011,448	74,831,180	55,868,784	28,456,839	71,539,358	34,080,165	38,548,857	27,530,803
Plus: Inflation	765,763,045	92,783	24,983,973	28,221,809	64,752,684	44,703,934	45,795,763	68,223,698	101,358,772	60,675,070	45,776,901
Total Revenues	**1,354,891,539**	**8,683,393**	**107,024,407**	**71,233,257**	**139,583,864**	**100,572,718**	**74,252,603**	**139,763,056**	**135,438,936**	**99,223,927**	**73,307,704**
COSTS											
Initial Consideration	67,375,000	5,500,000	7,975,000	7,700,000	7,425,000	7,150,000	6,875,000	6,600,000	6,325,000	6,050,000	5,775,000
Additional Considertion	50,000,000	-	-	-	-	-	-	-	-	-	-
Total Land Costs	117,375,000	5,500,000	7,975,000	7,700,000	7,425,000	7,150,000	6,875,000	6,600,000	6,325,000	6,050,000	5,775,000
Hard Costs											
Site Closure Oversight & Insurance	8,000,000	1,969,136	1604938.272	537037.037	512345.679	586419.7531	592592.5926	1169753.086	645061.7284	151234.5679	9259.259259
Historic Building 2 Grocery/Retail	25,000,000	-	-	-	11,458,333	12,500,000	1,041,667	-	-	-	-
Fees, Bonds, Permits	15,870,164	1,675,814	2,057,424	1,522,653	1,575,219	1,142,819	1,086,781	1,784,614	1,424,466	932,506	469,865
Site Development, incl. Cleanup & Ramps/Viaduct	227,291,440	35,209,121	34,657,303	20,345,407	13,315,414	10,553,299	14,216,283	34,923,238	28,903,126	17,745,793	5,108,485
Transportation, Ferry Terminal & Parking Garage	68,526,713	-	-	3,682,675	10,316,610	10,891,674	1,827,471	83,619	924,175	223,201	374,737
Infrastructure, Landscape, Police/Fire, Water Tanks	245,628,952	20,515,537	34,318,563	31,135,860	30,630,729	16,830,498	19,644,357	23,310,522	17,733,992	15,421,233	10,749,222
Construction Management	21,160,219	2,234,418	2,743,232	2,030,204	2,100,292	1,523,759	1,449,042	2,379,485	1,899,288	1,243,342	626,486
Engineering and Other Fees	49,590,482	6,276,600	5,021,807	5,199,495	3,750,754	3,563,345	5,831,738	4,683,713	3,093,231	1,565,290	2,889,348
Contingency	123,125,268	9,159,459	10,280,654	10,551,493	11,986,711	12,914,777	14,318,721	15,016,989	10,779,835	6,964,937	3,929,571
Total Hard Costs	**784,193,237**	77,040,086	90,683,922	75,004,824	85,646,408	70,506,591	60,008,652	83,351,933	65,403,174	44,247,537	24,156,973
Sales & Marketing											
Closing Costs	37,148,317	-	2,928,863	1,804,069	3,865,597	2,640,199	1,945,236	3,907,729	3,748,868	2,704,391	2,043,877
Residential Marketing	35,082,356	-	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305
Total Sales & Marketing	**72,230,673**	-	6,118,168	4,993,374	7,054,902	5,829,504	5,134,541	7,097,034	6,938,173	5,893,696	5,233,182
Planning And Entitlements - Pre Acq./Land	98,725,105	98,725,105	-	-	-	-	-	-	-	-	-
Affordable Housing Subsidy	98,962,500	-	750,000	-	12,036,218	13,611,454	9,375,920	8,994,325	10,085,833	7,714,583	7,409,792
-	-	-	-	-	-	-	-	-	-	-	-
Transportation Operating Subsidy	38,200,494	-	-	-	3,666,667	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Parks and Open Space Maintenance Subsidy	17,469,553	-	-	1,375,000	1,500,000	1,500,000	2,875,000	3,000,000	3,000,000	3,000,000	1,138,757
School & Community Facilities	21,512,029	-	-	1,145,833	1,250,000	1,250,000	1,250,000	6,886,922	1,762,447	1,250,000	1,250,000
Existing Rental Operating Expenses	40,652,583	4,866,604	5,159,023	4,537,327	4,537,327	4,537,327	3,402,995	3,402,995	3,402,995	2,268,663	1,134,332
TIDA Admin/TIHDI Job Broker	36,700,605	2,016,667	2,200,000	2,291,667	2,300,000	2,300,000	2,483,333	2,500,000	2,500,000	2,500,000	2,500,000
Property Taxes	25,285,563	666,614	1,500,812	2,197,920	2,491,933	2,662,949	2,638,188	2,749,783	2,585,004	2,401,776	2,009,768
G&A	8,458,333	458,333	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Project Management Fee	22,535,797	2,252,128	2,672,369	2,234,034	2,210,272	1,722,605	1,751,232	2,465,465	1,942,743	1,322,889	724,431
Soft Cost Contingency	19,093,500	621,429	826,642	986,299	3,154,181	3,572,378	1,524,022	1,165,458	1,119,747	1,083,409	1,008,487
Sub-Total	**427,596,065**	109,606,881	13,608,847	15,268,080	33,646,598	35,656,713	29,800,690	35,664,948	30,898,770	26,041,321	21,675,567

Exhibit S - Summary Proforma

	Total	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Costs Before Inflation	1,401,394,974	192,146,967	118,385,937	102,966,278	133,772,907	119,142,808	101,818,884	132,713,916	109,565,117	82,232,553	56,840,722
Plus: Inflation	123,845,387	981,995	3,441,379	4,781,061	7,124,444	7,570,680	9,046,295	15,151,927	13,855,571	11,293,326	7,982,161
Total Costs	**1,525,240,361**	**193,128,962**	**121,827,315**	**107,747,339**	**140,897,352**	**126,713,488**	**110,865,179**	**147,865,842**	**123,420,688**	**93,525,880**	**64,822,883**
CASH FLOW BEFORE FINANCING	**(170,348,822)**	**(184,445,569)**	**(14,802,909)**	**(36,514,082)**	**(1,313,488)**	**(26,140,770)**	**(36,612,576)**	**(8,102,786)**	**12,018,248**	**5,698,047**	**8,484,821**
LAND SECURED TAX EXEMPT FINANCING											
CFD / Mello Roos Bonds	414,617,650	-	21,662,071	24,539,090	20,295,812	45,063,018	117,641,997	92,155,536	53,878,084	39,382,042	-
Tax Increment (After Debt Service)	451,734,370	-	-	-	6,186,580	4,010,960	25,484,800	21,506,420	34,591,815	33,183,635	35,946,600
Surplus Tax Increment Revenue	5,635,860	-	-	-	(15,300)	54,598	45,692	223,474	230,927	353,246	392,116
CFD Remainder Tax for Project Costs, net of O&M Subsid	20,634,502	-	-	-	-	-	893,503	-	-	-	-
Annual Special Taxes	(18,054,097)	-	(102,000)	-	-	-	-	-	-	-	(6,706,436)
Total Public Financing	**874,568,284**	**-**	**21,560,071**	**24,539,090**	**26,467,092**	**49,128,576**	**144,065,992**	**113,885,430**	**88,700,825**	**72,918,922**	**29,632,280**
CASHFLOW AFTER PUBLIC FINANCING	**704,219,462**	**(184,445,569)**	**6,757,163**	**(11,974,991)**	**25,153,604**	**22,987,805**	**107,453,416**	**105,782,644**	**100,719,073**	**78,616,969**	**38,117,100**

(1) Number of units can be increased per Housing Plan Sections 3 and 9.

	Total	2022	2023	2024	2025	2026	2027	2028	2029
Residential For Sale - Market Rate	5,035	302	395	557	250	-	-	-	-
Residential For Sale - Affordable	207	15	23	16	-	-	-	-	-
Residential For Rent - Market Rate	503	-	-	-	-	-	-	-	-
Residential For Rent - Afford Incl	91	-	-	-	-	-	-	-	-
Branded Condo	117	-	117	-	-	-	-	-	-
TIDA/TIHDI[1]	1,684	117	75	-	-	-	-	-	-
Subtotal	7,637	434	610	573	250	-	-	-	-
Commercial Square Feet	352,591	-	-	-	-	-	150,226	-	-
Hotel Rooms	250	-	-	-	-	-	-	-	-
REVENUES									
Residential For Sale - Market Rate	462,010,022	28,843,371	23,756,774	25,147,728	5,156,336	-	-	-	-
Residential For Sale - Affordable Inclusionary	(58,361,213)	(3,471,169)	(8,346,841)	(3,702,580)	-	-	-	-	-
Residential For Rent - Market Rate	50,300,000	-	-	-	-	-	-	-	-
Residential For Rent - Affordable Inclusionary	(14,560,000)	-	-	-	-	-	-	-	-
Commercial Acreage Sales	17,500,000	-	-	-	15,000,000	-	-	-	-
Branded Condo	23,400,000	-	23,400,000	-	-	-	-	-	-
TIHDI / TIDA	-	-	-	-	-	-	-	-	-
Rental Revenues from Existing Buildings / Units	75,317,653	2,133,854	2,133,854	2,133,854	-	-	-	-	-
Marketing Revenue From Builders	33,522,032	2,588,497	1,791,975	8,064,361	-	-	-	-	-
Total Revenues Before Inflation	589,128,494	30,094,554	42,735,763	31,643,363	20,156,336	-	-	-	-
Plus: Inflation	765,763,045	46,210,836	61,139,283	106,389,260	67,438,280	-	-	-	-
Total Revenues	**1,354,891,539**	**76,305,389**	**103,875,046**	**138,032,623**	**87,594,616**	-	-	-	-
COSTS									
Initial Consideration	67,375,000	-	-	-	-	-	-	-	-
Additional Considertion	50,000,000	-	-	-	50,000,000	-	-	-	-
Total Land Costs	117,375,000	-	-	-	50,000,000	-	-	-	-
Hard Costs									
Site Closure Oversight & Insurance	8,000,000	203703.7037	18518.51852	1.64477E-11	0	0	0	0	0
Historic Building 2 Grocery/Retail	25,000,000	-	-	-	-	-	-	-	-
Fees, Bonds, Permits	15,870,164	872,915	801,555	409,665	95,587	17,246	1,036	-	-
Site Development, incl. Cleanup & Ramps/Viaduct	227,291,440	11,318,226	995,743	-	-	-	-	-	-
Transportation, Ferry Terminal & Parking Garage	68,526,713	15,039,441	17,265,532	5,315,625	351,823	1,178,348	107,123	944,660	-
Infrastructure, Landscape, Police/Fire, Water Tanks	245,628,952	4,903,805	8,650,977	8,339,886	2,834,395	574,852	34,523	-	-
Construction Management	21,160,219	1,163,887	1,068,740	546,220	127,449	22,994	1,381	-	-
Engineering and Other Fees	49,590,482	2,669,997	1,365,551	318,622	3,357,538	3,452	-	-	-
Contingency	123,125,268	6,760,796	5,990,867	2,986,004	1,353,358	123,709	7,388	-	-
Total Hard Costs	**784,193,237**	42,932,772	36,157,483	17,916,023	8,120,150	1,920,600	151,450	944,660	-
Sales & Marketing									
Closing Costs	37,148,317	2,132,629	2,982,037	3,816,984	2,627,838	-	-	-	-
Residential Marketing	35,082,356	3,189,305	3,189,305	-	-	-	-	-	-
Total Sales & Marketing	**72,230,673**	5,321,934	6,171,342	3,816,984	2,627,838	-	-	-	-
Planning And Entitlements - Pre Acq./Land	98,725,105	-	-	-	-	-	-	-	-
Affordable Housing Subsidy	98,962,500	5,461,458	8,653,750	9,681,875	4,822,708	364,583	-	-	-
-	-	-	-	-	-	-	-	-	-
Transportation Operating Subsidy	38,200,494	4,000,000	4,000,000	2,350,453	183,375	-	-	-	-
Parks and Open Space Maintenance Subsidy	17,469,553	80,796	-	-	-	-	-	-	-
School & Community Facilities	21,512,029	1,250,000	1,250,000	2,728,272	238,555	-	-	-	-
Existing Rental Operating Expenses	40,652,583	1,134,332	1,134,332	1,134,332	-	-	-	-	-
TIDA Admin/TIHDI Job Broker	36,700,605	2,500,000	2,408,888	2,033,384	2,000,000	2,000,000	2,000,000	166,667	-
Property Taxes	25,285,563	1,655,914	1,127,056	466,410	131,437	-	-	-	-
G&A	8,458,333	500,000	500,000	500,000	500,000	500,000	500,000	500,000	-
Project Management Fee	22,535,797	1,281,872	1,084,169	537,481	243,605	57,618	4,544	28,340	-
Soft Cost Contingency	19,093,500	937,080	816,003	610,969	531,870	502,191	500,000	133,333	-
Sub-Total	**427,596,065**	18,801,453	20,974,197	20,043,175	8,651,549	3,424,392	3,004,544	828,340	-

	Total	2022	2023	2024	2025	2026	2027	2028	2029
Total Costs Before Inflation	1,401,394,974	67,056,159	63,303,023	41,776,181	69,399,538	5,344,992	3,155,994	1,772,999	-
Plus: Inflation	123,845,387	13,384,912	12,998,430	8,354,418	4,395,704	1,660,801	1,135,513	686,767	-
Total Costs	**1,525,240,361**	**80,441,071**	**76,301,453**	**50,130,600**	**73,795,242**	**7,005,793**	**4,291,507**	**2,459,767**	-
CASH FLOW BEFORE FINANCING	**(170,348,822)**	**(4,135,681)**	**27,573,593**	**87,902,024**	**13,799,374**	**(7,005,793)**	**(4,291,507)**	**(2,459,767)**	-
LAND SECURED TAX EXEMPT FINANCING									
CFD / Mello Roos Bonds	414,617,650	-	-	-	-	-	-	-	-
Tax Increment (After Debt Service)	451,734,370	43,120,535	47,410,235	34,792,725	37,664,290	30,834,255	46,172,195	50,829,325	-
Surplus Tax Increment Revenue	5,635,860	452,665	536,266	608,683	617,864	664,753	690,496	780,381	-
CFD Remainder Tax for Project Costs, net of O&M Subsid	20,634,502	-	-	-	2,367,391	5,566,544	5,204,386	6,602,679	-
Annual Special Taxes	(18,054,097)	(6,912,860)	(4,332,801)	-	-	-	-	-	-
Total Public Financing	**874,568,284**	**36,660,340**	**43,613,699**	**35,401,408**	**40,649,546**	**37,065,552**	**52,067,076**	**58,212,385**	-
CASHFLOW AFTER PUBLIC FINANCING	**704,219,462**	**32,524,659**	**71,187,293**	**123,303,432**	**54,448,919**	**30,059,758**	**47,775,569**	**55,752,618**	-

(1) Number of units can be increased per Housing Plan Sections 3 and 9.

EXHIBIT T

AUCTION BIDDER SELECTION GUIDELINES FOR NON-CRITICAL COMMERCIAL LOTS

Non-Affiliation Requirement

- Bidder is not an Affiliate of Developer
    - Affiliate of Developer means an entitity that directly or indirectly controls, is controlled by, or is under common control with, the Developer or its partners or members
- Bidder does not have any financial arrangements with Developer in submitting its bid

Financial Requirements

-Bidder is able to demonstrate the financial ability to perform the obligations it is assuming in association with the development of the auction lot. For purposes of this section, this includes evidence of access to adequate equity and debt capital along with commitment letters from those financing sources, and the ability to post the required security associated with the development of the auction lot.

- Provision of a commitment letter to fund a 10% refundable deposit within 10 business days of being selected the auction winner

Experience Requirements

-The managing principal of the bidder has at least five (5) years of experience in developing the type of commercial product to be developed on the auction lot the bidder is seeking to purchase.

-The principals of the bidder have collectively completed at least three (3) development projects containing at least 75% of the commercial square footage proposed for the auction lot.

Entity in Good Standing Requirements

-Documentation evidencing that the bidder and its constituent members, if any, have been duly formed, made all filings and are in good standing in the State of California and in the state of their respective incorporation. If the bidder is a joint venture, then the bidder shall provide evidence demonstrating the existence of a duly executed contractual relationship between the applicable parties.

-Bidder has not defaulted on its obligations on another lot or project within the Treasure Island or Yerba Buena Island development area.

No Unfair Advantage Requirement

- Bidder has not revieved an unfair advantage by receiving any bid information that is different from or in advance of such information being made available to other interested bidders

EXHIBIT U
QUALIFIED APPRAISER POOL

1. **Carneghi-Blum (Ron Blum**)
   595 Market Street, Suite 2230
   San Francisco CA 94015
   415.777.2666 x 109 (phone)
   415.977.0555 (fax)

2. **Cushman + Wakefield (James Myers)**
   Cushman & Wakefield Western, Inc.
   601 S. Figueroa Street
   47th Floor
   Los Angeles , CA 90017
   (213)955-6493
   (213)627-4044

3. **Integra Realty Resources (Brady Barbier)**
   East Bay Office
   200 Pringle Avenue, Suite 325
   Walnut Creek, CA 94596
   925 938-2600 ext. 108 - Phone
   925 930-6880 – Fax

4. **Martorana-Bohegian (Dave Bohegian)**
   400 Montgomery Street, Suite 930
   San Francisco CA 94104
   415.982.4733 (phone)
   415.982.0426 (fax)

5. **Cushman + Wakefield (Brian J. Curry CRE, MAI, SRA, FRICS)**
   4435 Eastgate Mall, Suite 200
   San Diego, CA 92121
   858.334.4051 (phone)
   858.334.6861 (fax)

Exhibit V-1 Appraisal Instructions (Commercial Properties)

I. Introduction:

This scope of work is to appraise the market value of the fee simple interest or ground lease value of certain land parcels or buildings designated for commercial uses (collectively referred to as commercial properties) of the former Naval Station Treasure Island (NSTI) in accordance with the standards and guidelines of the Uniform Standards for Professional Appraisal Practice (USPAP).

The following appraisal instructions are intended to detail the scope, standards, process, and guidelines for the valuations of the property assigned to be appraised, (the "Subject Property"). The appraisal instructions herein will represent the only guidance that shall be utilized in completing this valuation assignment. This appraisal will set the purchase price or ground lease value of such commercial properties . The appraisal will be reviewed by the Navy and the Developer.

II. Background Information:

The former NSTI is located on two islands located within one mile of the bay shores of the city of San Francisco and connected via the Bay Bridge to Oakland and the East Bay. NSTI is entirely within the jurisdictional boundaries of the City and County of San Francisco (the "Property"). NSTI covers all of Treasure Island, an artificial island, and most of Yerba Buena Island, a natural island.

Treasure Island was constructed in 1936 and 1937 for the initial purpose of hosting the Golden Gate International Exposition. After the exposition, the island was converted to a Navy base. During World War II, the island served as a center for receiving, training, and dispatching of service personnel. Since World War II, the Navy had used the island primarily as a training and administrative center. Yerba Buena Island is a natural island where the US Army established a post on the northeastern side adjacent to present day Clipper Cove in 1867. In the 1890's, the Army built a small torpedo station complex on the island; one building, the Torpedo Depot, remains. The US Army maintained a small base on the island until 1960. In 1898, the Navy also established a training station there, which after 1923 operated as a receiving station for servicemen returning from overseas.

In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission (BRAC). The Treasure Island Development Authority (TIDA) was designated as the Local Redevelopment Authority responsible for the redevelopment of NSTI.

In 1997, under the Treasure Island Conversion Act, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature and the City (i) designated TIDA as the redevelopment agency under California Redevelopment Law with authority over NSTI, and (ii),

with respect to those portions of NSTI which under the Act are subject to the public trust for commerce, navigation and fisheries (the "Tidelands Trust"), vested in TIDA the authority to administer the Tidelands Trust as to such property.

Under Senate Bill 1873, which the Governor signed into law on September 15, 2004, the California State Legislature authorized a Tidelands Trust Exchange for the Project. Because the Tidelands Trust generally does not apply to most of Yerba Buena Island, under the exchange, the Trust would be lifted from the portions of Treasure Island that are planned for residential and other nonpermitted Trust uses and imposed on portions of Yerba Buena Island that currently are not subject to the Tidelands Trust.

In July 2007, TIDA submitted an Economic Development Conveyance (EDC) application based on a development plan approved by the San Francisco Board of Supervisors in December 2006 (the "Development Plan"). In (June 2011) TIDA and a private developer executed a Disposition and Development Agreement ("DDA") governing the redevelopment of NSTI. In (December 2011) the United States of America executed an Economic Development Conveyance Memorandum of Agreement (EDC MOA) with TIDA regarding conditions of transfer of NSTI to TIDA. Per EDC regulations, the Navy is required to obtain Fair Market Value for the transfer and so has required TIDA to conduct appraisals of certain commercial properties.

III. Property Description:

Insert details and description of property to be appraised.

Details to include:

- Land identifier (parcel number, phase, etc.)
- Legal description
- Land area (size)
- Building areas
- Excess Land Appreciation Structure as defined by major phase by product type

Description to include:

- Entitled development plan (number of units, commercial space, parking, etc.)
- Environmental use restrictions
- Covenants, Conditions, and Restrictions
- Commercial property's relationship to major phase and island-wide development plan
- Neighborhood amenities and improvements, including views, recreational facilities, dining, shopping, parks, security, access to transportation and other community amenities.

IV. Services Required:

1. The appraisal will be a self-contained report based on a comprehensive study and analysis and setting forth, in detail, all data, analysis, and conclusions, as necessary and typical of a complete, self-contained appraisal report. The appraisal preparation, documentation, and reporting shall be in conformity with the standards of USPAP. The appraisal report shall consider the highest and best use as vacant for both unimproved and improved sites and highest and best use as improved for improved sites subject to the use dictated by the

Development Plan as amended by TIDA per the DDA. The appraisal report must contain the following sections:

Title Page - This should include (a) the name, street address and agency assigned tract, or parcel, number (if any), of the property appraised, (b) the name and address of the individual(s) making the report, (c) the effective date of the appraisal, and (d) the appraiser's license number and license expiration date. The effective date for the appraisal will be the date of the appraisal report.

Letter of Transmittal - This should include the date of the letter; identification of the property and property rights appraised; a reference that the letter is accompanied by a self-contained appraisal report; a statement of the effective date of the appraisal; identification of any hypothetical conditions, extraordinary assumptions, limiting conditions, or legal instructions; the value estimate, or estimates; factors considered beyond the expertise of the appraiser or otherwise not incorporated; and the appraiser's signature.

Table of Contents - The major parts of the appraisal report and their subheadings should be listed. Items in the addenda of any report shall be listed individually in the table of contents.

Appraiser's Certification - The appraisal report shall include an appraiser's signed statement certifying that:

- The statements of facts contained in the report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraiser;
- The appraiser has no present or prospective interest in the property appraised and no personal interest or bias with respect to the parties involved;
- The compensation received by the appraiser for the appraisal is not contingent on the analyses, opinions, or conclusions reached or reported;
- The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's *Uniform Standards for Professional Appraisal Practice,;*
- The appraiser has made a personal inspection of the property appraised and that the property owner, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection;
- No one provided significant professional assistance to the appraiser. (If professional assistance was provided the appraiser, the name of the individual(s) providing such assistance must be stated and their professional qualifications should be included in the addenda of the appraisal report. This requirement includes both professional appraisal assistance and providers of subsidiary assistance, e.g., planning and permitting consultants, engineers, cost estimators, marketing consultants.)

The appraiser's certification shall also include the appraiser's opinion of the market value of the property appraised as of the effective date of the appraisal.

Appraisers may also add to their certifications certain items that may be required by law, the USPAP, and the appraiser's professional organization(s). However, appraisers should avoid adding certifications that are not pertinent to the specific appraisal (e.g.,

that the report was prepared in accordance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)) or that are beyond the scope of the appraisers' assignment. The appraiser's certification may alternately follow the appraiser's final estimate of value in the appraisal report.

Summary of Salient Facts and Conclusions - The appraiser shall report the major facts and conclusions that led to the final estimate(s) of value. This summary should include an identification of the property appraised; the highest and best use of the property; description of improvements (if any); indicated value of the property by each approach to value employed; the final estimate of value; and any hypothetical conditions, extraordinary assumptions, limiting conditions or instruction; and the effective date of the appraisal.

Photographs of Subject Property - Photographs are not required of existing improvements not deemed to be of highest and best use or historically significant and are likely to be demolished. Pictures shall show the front elevation of the major improvements, any unusual features, views of the abutting properties on either side and that property directly opposite, interior photographs of any unique features, and photographs of neighborhood amenities. When a large number of buildings are involved, including duplicates, one picture may be used for each type. Except for an overall view, photographs may be bound as pages facing the discussion or description of the photographs' content, or may be placed in the addenda of the report. Each photograph should be numbered, show the identification of the property and the date taken. In selecting photographs for inclusion in their reports, appraisers should bear in mind that some readers of the report may never have an opportunity to personally view the property. Therefore, they must rely on the photographs and the narrative description of the property provided by the appraiser to gain an adequate understanding of the physical characteristics of the property to judge the accuracy and reasonableness of the appraiser's analyses and value estimate(s).

Statement of Assumptions and Limiting Conditions - Any assumptions and limiting conditions that are necessary to the background of the appraisal shall be stated. Any client agency or special legal instructions provided the appraiser shall be referenced and a copy of such instructions shall be included in the addenda of the appraisal report. If the appraisal has been made subject to any encumbrances against the property, such as easements, these shall be stated. In this regard, it is unacceptable to state that the property has been appraised as if free and clear of all encumbrances, *except as stated in the body of the report;* the encumbrances *must* be identified in this section of the report. General assumptions and limiting conditions, such as typically contained in appraisal addenda, must be reviewed for pertinence to the assignment and allowability with respect to other provisions of the contract. General assumptions and limiting conditions that are not applicable and/or allowable shall be deleted, and all others shall be edited as necessary to be specifically applicable and appropriate. Also, assumptions and limiting conditions cannot be used by an appraiser to alter an appraisal contract, assignment letter, or the appraiser's scope of work. Unsupported hypothetical conditions, assumptions, or limiting conditions may result in disapproval of the appraisal report. The appraiser must also avoid assumptions and limiting conditions that are clearly the appraiser's own conclusions. While it may be appropriate for an appraiser to conclude and report that a probability exists that the property under appraisal could be rezoned, it is not appropriate for an appraiser to make an appraisal under the "assumption" that the property could be rezoned. The Development Plan, as amended

by TIDA, establishes a precedent for land uses at the property. The adoption of an unapproved assumption, or hypothetical condition, that results in a valuation of other than the market value of the property appraised as of the effective date of the appraisal will, as a general rule, invalidate the appraisal.

Scope of the Appraisal - The appraiser shall describe the scope of investigation. The appraisal's scope should conform to its purpose and intended use. The intended use and purpose of the appraisal places specific demands on the scope of the investigation and analysis presented in the appraisal report. The appraisal report should clearly link the appraisal's scope with its purpose and intended use. The geographical area and time span searched for market data should be included, as should a description of the type of market data researched and the extent of market data confirmation. The appraiser should state the references and data sources relied upon in making the appraisal; if preferred, this information may be shown within the applicable approaches to value. The applicability of all standard approaches to value shall be discussed and the exclusion of any approach to value shall be explained. The appraiser has the burden of clearly explaining the implications of any hypothetical condition or extraordinary assumption adopted. The required explanation and discussion of the implications of such hypothetical condition or extraordinary assumption must be included in this section of the appraisal report.

Purpose of the Appraisal - This section shall include an explanation of the reason for the appraisal, and the definition of all value estimates required, and a description of the property rights appraised. The purpose of the appraisal will be to estimate the market value as of the date of the appraisal report.

This section should specifically identify the intended use and the intended user of the appraisal report. The intended user of the appraisal report will be the Contracting Party, and the intended use of the appraisal report will be to estimate the fair market value of the property as of the effective date of the appraisal report. Care should be taken to prepare the appraisal report in a manner that clearly meets the intended use of the report by the intended user. It is imperative that the appraiser utilize the correct definition of market value. For appraisals prepared under these Standards, appraisers shall use the following definition of market value:

> Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold, or its leasehold interests transferred, on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

This definition must be placed in this section of the appraisal report. No other definition of market value for purposes of appraisals made under these Standards is acceptable, unless otherwise required by a specific and cited federal law or regulation. Contrary to USPAP Standards Rule 1-2(c), this definition of market value does not call for the estimate of value to be *linked* to a specific *exposure time* estimate, but merely that the property be exposed on the open market for a *reasonable* length of time, given the character of the property and its market. Therefore, the appraiser's estimate of market

value shall not be *linked* to a specific exposure time when conducting appraisals for federal land acquisition purposes under these Standards. It is recognized that some appraisers' client groups (e.g., relocation companies, mortgage lenders) may require appraisers to estimate a *marketing time* for the property under appraisal. However, such estimates are inappropriate for, and must not be included in, appraisal reports prepared for federal land acquisitions under these Standards. "The request to provide a reasonable marketing time opinion exceeds the normal information required for the conduct of the appraisal process" and is, therefore, beyond the scope of the appraisal assignment under these Standards.

Summary of Appraisal Problems - This section gives the appraiser the opportunity to acquaint the reader of the appraisal report with the specific appraisal problems, if any, which have been encountered by the appraiser and that will be discussed in detail in the body of the appraisal report. Appraisers are encouraged to take advantage of it. The appraiser should briefly describe the principal problems presented in estimating the market value of the property under appraisal and describe the estate to be taken. If the parcels under appraisal include water rights, minerals, or suspected mineral values, fixture values, timber values, or other rights of potential value, the treatment of their contributory value should be discussed, including the methodology employed to avoid the forbidden *summation* or *cumulative* appraisal. If the valuation of the property required the use of any consulting reports, these should be attached as addenda along with other sources of data for the analysis, and the appraiser should describe such reports, the method of utilization thereof, and the weight or reliance placed thereon.

2. The appraisal shall be performed based on the highest and best use that must take into account the Subject Property subject to the use dictated by the Development Plan as amended by TIDA per the DDA, and be accompanied by any supporting data.

All other methodologies other than that specifically addressed within this Scope of Work shall, to the extent practical, be based on market-derived data and methodology as formulated in a typical fair-market value appraisal. The appraiser shall consider all local, state, and federal ordinances, regulations, land use restrictions, engineering controls, and local practices when making a determination of the highest and best use.

3. All approaches to value should be considered when valuing the property. If the appraiser determines that a typical approach should be omitted, it must explain the reasons to support the exclusion in the appraisal report.

4. The appraiser shall explain the reasoning applied to arrive at the final opinion of value and how the results of each approach to value were weighed in that opinion, and the reliability of each approach to value for solving the particular appraisal problem. The appraiser shall also state his or her final estimate of value of all of the property under appraisal as a single amount.
5. TIDA shall provide the appraiser a copy of all records and data pertaining to the property detailed in Section VIII.

V. General Requirements:

1. The appraiser will be provided with Points of Contact for TIDA to assist in completing the assignment. For questions regarding the appraisal, please contact:

Name
Agency
Physical Address
Phone number and email address

2. All adjustments for dissimilarities between the appraised property and comparable market data, including sales comparables and rental data, as well as all discount and capitalization rates, etc., must be supported by market data. The narrative description of the adjustment process shall be sufficiently complete to indicate to the reader that the adjustments or rates were derived and applied in a reasonable and rational fashion consistent with market data. The actual adjustments shall be set forth in an adjustment grid(s) and discussed in sufficient detail to lead the reader to the appraiser's conclusions.

3. A detailed description/analysis, with photographs, of the property and improvements under appraisal is required which includes: a plot plan, improvement plans and specifications with dimensions, a description of any special features or copy of the "as-built" site survey; description and size and shape of site, topographical features, soil and subsoil conditions (if known), drainage and flood zone information, access and ingress/egress, utilities availability, site's relationship to neighboring properties, potential or existing nuisances and hazards, easements, encroachments and right-of-ways, and overall functional adequacy of the site.

4. In addition to above, the following information is required for existing improvements determined to be the highest and best use or historically significant and which would remain on site: estimated size of the improvements detailed in the most standard market acknowledged unit(s), a description of interior and exterior construction features and layout, available and required number of parking spaces, physical and chronological age, total economic life, remaining economic life, effective age, quality and condition, deferred maintenance, current use, and functional utility of the improvements.

5. Photographs of all comparable market data utilized in the report shall be provided within the appraisal. Maps displaying the location of all market data must also be included. These maps should be detailed enough to show specific site identification and location so that market data can be located during a field review of the appraisal.

6. Comparable market data shall be presented in individual write-up sheets. Rental Comparable data sheets shall include at a minimum: physical address, improvement description, lessor/lessee, date of lease(s) or most recent rental transaction(s), lease rates and terms including: type of lease (gross, modified gross, triple net), TI allowances, rental concessions, expense allocations, size of space leased, etc., and date and source of verification. Comparable sales data sheets must include, at a minimum: physical address or legal description, grantor/grantee, sales price & date, financing terms and conditions to include cash equivalency, zoning, size and shape of site, description of improvements, current use, development of capitalization rate (if sale comparable is income producing) and date and source of verification. The appraiser must physically inspect all principle comparable data used.

The documentation of each comparable sale shall include:

- Parties to the transaction
- Date of transaction

- Confirmation of the transaction with buyer, seller, broker, or other person having knowledge of the price, terms, and conditions of sale, include names of person the sale was verified with and phone numbers.
- Buyer motivation
- Location
- Size
- Unit counts
- Property rights conveyed
- Consideration
- Financing terms
- Sale conditions, such as arm's length or distressed
- Improvements, include utilities available,
- Zoning
- Photographs

Cite pertinent facts such as date, size, buyer and seller, price, terms, location, and explain why each sale was not used. Properties on the market for sale, but not yet sold, may be included as comparables if the appraiser feels they are relevant to the analysis.

The appraiser shall adhere to USPAP direction pertaining to comparable sales requiring extraordinary verification and weighting considerations. These include sales to governmental agencies, sales to non-profit organizations, sales to environmental organizations, sales to parties desiring to exchange the land to the government, distressed sales, and other atypical or non-arm's length sales.

7. The appraiser must provide a line-item discussion reflecting the mathematical development of each income, expense, vacancy, infrastructure, cost-to-cure, or demolition item cited in the appraisal report. Property operating expenses must be supported by market data based on industry standards or supported by industry recognized income/expense manuals such as BOMA, IREM, etc.

8. If the appraiser chooses to use self-made or commercial appraisal software, such as ARGUS, DYNA, PROJECT, Microsoft Excel etc., he/she must provide all supporting printouts, spreadsheets, and electronic versions of the files, which support the Operating Statement or Discounted Cash Flow (DCF) Analyses provided within the appraisal.

VI. Special Considerations/Assumptions:

1. Tidelands Trust – use restriction applies to certain portions of land on YBI. Attached to this scope is an overview of Tidelands Trust.
2. Market Value – as of the effective date of the appraisal
3. Bay Bridge Completion Date – assume completion by 2013-2015 (including bridge demolition) - TBD.
4. Utilities – all required utilities will be available to support development.
5. Entitlements in place – all necessary entitlements will be in place as of the effective date. Assume the current status of development in the entitlements process.

6. Environmental Clean-up – areas affected by environmental contamination will be remediated to the proposed uses identified in the TIDA's July 1996 redevelopment plan, except in limited areas where otherwise agreed to with the regulatory agencies such as CERCLA Site 6. Use restrictions such as institutional controls may be imposed on certain portions of the property and these areas may require management of hazardous substances remaining in place in soil or groundwater during construction for development, or until concentrations have attenuated below unrestricted levels.
7. Geotechnical – assume stabilization and improvement of the Property for seismic purposes will be conducted.

VII. Appraiser Qualifications:

Appraisers shall be a State Certified General Real Property Appraiser in California where the subject property is located and be in good standing with the licensing authority where the credential was issued. Appraiser must also hold a current MAI membership designation from the Appraisal Institute. Additionally, appraiser must be practicing or working for at least 10 years in either a national firm, or a regional firm based in California and have particular experience with coastal California real property transactions involving the product type that is the subject of the appraisal. The appraiser must maintain independence from all Contracting Parties and not have any contractual relationships with Developers within the prior 24 months.

VIII. Information to be provided to the Appraiser:

1. TBD

IX. Timing & Process:

The following provides a projected schedule of key milestones. All days are completion dates from the date of award (number of days from previous task).

Contract Award Date – TBD
Kickoff Meeting with TIDA (+5 days) – TBD
Deliver Information to Appraiser (+3 days) – TBD
Property Inspection (+7 days) – TBD
Supplemental Information Request (if needed) – Anytime
Final Report (+30 days) – TBD

1. Pre-Work Conference: At the request of TIDA, the appraiser will be required to attend a pre-work conference for discussion and understanding of these instructions, including an update of the project schedule. The pre-work conference may be held in conjunction with the property examination.

2. The appraiser shall submit to the Contracting Party a complete, Self-Contained Appraisal Report along with three (3) signed copies and a live electronic copy of the appraisal report within the number of days (or date) specified within the fully executed contract for appraisal services.

4. The appraiser shall provide an electronic Portable Document Format (PDF) version of the signed appraisal report along with any maps, drawings, photos, graphs and all backup information to the Contracting Party.

6. Definition of Terms: Unless specifically defined herein or in USPAP, definitions of all terms are the same as those found in "The Dictionary of Real Estate Appraisal" (Appraisal Institute), current edition.

7. Testimony. Upon the request of the Department of Navy or United States Attorney or the Department of Justice, and the City of San Francisco, the appraiser shall, in any judicial proceedings, testify as to the value of any and all property included in the appraisal report as of the valuation date. Fees for these services shall be determined upon the Contracting Party's request for testimony.

X. Confidentiality:

The Contracting Party and the appraiser acknowledge and agree that in the course of performing the Work under this agreement, the Contracting Party may disclose Confidential Information, which has been approved and authorized by Contracting Party for release, to the appraiser.

The appraiser agrees not to disclose the Contracting Party Confidential Information to any Third Party and to treat it with the same degree of care as it would its own confidential information. It is understood, however, that the appraiser may disclose the Contracting Party Confidential Information on a "need to know" basis to the appraiser's employees and Subcontractors. All such employees and Subcontractors of the appraiser shall have executed a confidentiality agreement with the Contracting Party requiring a promise of confidentiality concerning the Contracting Party Confidential Information.

Appraiser's valuations and supporting appraisal reports are confidential information as well and the appraiser shall strictly abide by the Confidentiality provisions of the Ethics Rule of USPAP, which provides as follows:

- An appraiser must protect the confidential nature of the appraiser-client relationship.
- An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results.
- An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than:
    1) the client and persons specifically authorized by the client;
    2) federal, state enforcement agencies and such third parties as may be authorized by due process of law; and
    3) a duly authorized professional peer review committee.

Under exception #1 in the preceding paragraph, appraisers must obtain written authorization from the Contracting Party before disclosure. The passage of time in and of itself does not extinguish either the appraiser's responsibility for confidentiality or the appraiser/client relationship. The appraiser/client relationship is extinguished only upon written release from the Contracting Party. Even though the appraiser/client relationship may terminate, the appraiser remains subject to the confidentiality provisions of USPAP.

Exhibit V-2 (Developer Residential Lots)

Appraisal Instructions

I. Introduction:

This scope of work is to appraise the market value of the fee simple interest of certain land parcels of the former Naval Station Treasure Island (NSTI) in accordance with the standards and guidelines of the Uniform Standards for Professional Appraisal Practice (USPAP).

The following appraisal instructions are intended to detail the scope, standards, process, and guidelines for the valuations of the property assigned to be appraised, (the "Subject Property"). The Subject Property will consist of residential lots referred to herein as Developer Lots. The appraisal instructions herein will represent the only guidance that shall be utilized in completing this valuation assignment. This appraisal will set the purchase price of the land parcels for the Developer. The appraisal will be reviewed by the Navy and the Developer.

II. Background Information:

The former NSTI is located on two islands located within one mile of the bay shores of the city of San Francisco and connected via the Bay Bridge to Oakland and the East Bay. NSTI is entirely within the jurisdictional boundaries of the City and County of San Francisco (the "Property"). NSTI covers all of Treasure Island, an artificial island, and most of Yerba Buena Island, a natural island.

Treasure Island was constructed in 1936 and 1937 for the initial purpose of hosting the Golden Gate International Exposition. After the exposition, the island was converted to a Navy base. During World War II, the island served as a center for receiving, training, and dispatching of service personnel. Since World War II, the Navy had used the island primarily as a training and administrative center. Yerba Buena Island is a natural island where the US Army established a post on the northeastern side adjacent to present day Clipper Cove in 1867. In the 1890's, the Army built a small torpedo station complex on the island; one building, the Torpedo Depot, remains. The US Army maintained a small base on the island until 1960. In 1898, the Navy also established a training station there, which after 1923 operated as a receiving station for servicemen returning from overseas.

In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission (BRAC). The Treasure Island Development Authority (TIDA) was designated as the Local Redevelopment Authority responsible for the redevelopment of NSTI.

In 1997, under the Treasure Island Conversion Act, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature and the City (i) designated TIDA as the redevelopment agency under California Redevelopment Law with authority over NSTI, and (ii), with respect to those portions of NSTI which under the Act are subject to the public trust for

commerce, navigation and fisheries (the "Tidelands Trust"), vested in TIDA the authority to administer the Tidelands Trust as to such property.

Under Senate Bill 1873, which the Governor signed into law on September 15, 2004, the California State Legislature authorized a Tidelands Trust Exchange for the Project. Because the Tidelands Trust generally does not apply to most of Yerba Buena Island, under the exchange, the Trust would be lifted from the portions of Treasure Island that are planned for residential and other nonpermitted Trust uses and imposed on portions of Yerba Buena Island that currently are not subject to the Tidelands Trust.

In July 2007, TIDA submitted an Economic Development Conveyance (EDC) application based on a development plan approved by the San Francisco Board of Supervisors in December 2006 (the "Development Plan"). In (June 2011) TIDA and a private developer executed a Disposition and Development Agreement ("DDA") governing the redevelopment of NSTI. In (December 2011) the United States of America executed an Economic Development Conveyance Memorandum of Agreement (EDC MOA) with TIDA regarding conditions of transfer of NSTI to TIDA. Per EDC regulations, the Navy is required to obtain Fair Market Value for the transfer and so has required TIDA to conduct appraisals of certain Developer Lots.

III. Property Description:

Insert details and description of property to be appraised.

Details to include:

- Land identifier (parcel number, phase, etc.)
- Legal description
- Land area (size)
- Excess Land Appreciation Structure as defined by major phase by product type

Description to include:

- Entitled development plan (number of units, commercial space, parking, etc.)
- Environmental use restrictions
- Covenants, Conditions, and Restrictions
- Land parcel's relationship to major phase and island-wide development plan
- Neighborhood amenities and improvements, including views, recreational facilities, dining, shopping, parks, security, access to transportation and other community amenities.

IV. Services Required:

1. The appraisal will be a self-contained report based on a comprehensive study and analysis and setting forth, in detail, all data, analysis, and conclusions, as necessary and typical of a complete, self-contained appraisal report. The appraisal preparation, documentation, and reporting shall be in conformity with the standards of USPAP. The appraisal report shall consider the highest and best usesubject to the use dictated by the Development Plan as amended by TIDA per the DDA. The appraisal report must contain the following sections:

Title Page - This should include (a) the name, street address and agency assigned tract, or parcel, number (if any), of the property appraised, (b) the name and address of the

individual(s) making the report, (c) the effective date of the appraisal, and (d) the appraiser's license number and license expiration date. The effective date for the appraisal will be the date of the appraisal report.

Letter of Transmittal - This should include the date of the letter; identification of the property and property rights appraised; a reference that the letter is accompanied by a self-contained appraisal report; a statement of the effective date of the appraisal; identification of any hypothetical conditions, extraordinary assumptions, limiting conditions, or legal instructions; the value estimate, or estimates; factors considered beyond the expertise of the appraiser or otherwise not incorporated; and the appraiser's signature.

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- The statements of facts contained in the report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraiser;
- The appraiser has no present or prospective interest in the property appraised and no personal interest or bias with respect to the parties involved;
- The compensation received by the appraiser for the appraisal is not contingent on the analyses, opinions, or conclusions reached or reported;
- The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's *Uniform Standards for Professional Appraisal Practice,;*
- The appraiser has made a personal inspection of the property appraised and that the property owner, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection;
- No one provided significant professional assistance to the appraiser. (If professional assistance was provided the appraiser, the name of the individual(s) providing such assistance must be stated and their professional qualifications should be included in the addenda of the appraisal report. This requirement includes both professional appraisal assistance and providers of subsidiary assistance, e.g., planning and permitting consultants, engineers, cost estimators, marketing consultants.)

The appraiser's certification shall also include the appraiser's opinion of the market value of the property appraised as of the effective date of the appraisal.

Appraisers may also add to their certifications certain items that may be required by law, the USPAP, and the appraiser's professional organization(s). However, appraisers should avoid adding certifications that are not pertinent to the specific appraisal (e.g., that the report was prepared in accordance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA)) or that are beyond the scope of the appraisers' assignment. The appraiser's certification may alternately follow the appraiser's final estimate of value in the appraisal report.

Summary of Salient Facts and Conclusions - The appraiser shall report the major facts and conclusions that led to the final estimate(s) of value. This summary should include an identification of the property appraised; the highest and best use of the property; description of improvements (if any); indicated value of the property by each approach to value employed; the final estimate of value; and any hypothetical conditions, extraordinary assumptions, limiting conditions or instruction; and the effective date of the appraisal.

Photographs of Subject Property - Photographs are not required of existing improvements not deemed to be of highest and best use or historically significant and are likely to be demolished. Pictures shall show the front elevation of the major improvements, any unusual features, views of the abutting properties on either side and that property directly opposite, interior photographs of any unique features, and photographs of neighborhood amenities. When a large number of buildings are involved, including duplicates, one picture may be used for each type. Except for an overall view, photographs may be bound as pages facing the discussion or description of the photographs' content, or may be placed in the addenda of the report. Each photograph should be numbered, show the identification of the property and the date taken. In selecting photographs for inclusion in their reports, appraisers should bear in mind that some readers of the report may never have an opportunity to personally view the property. Therefore, they must rely on the photographs and the narrative description of the property provided by the appraiser to gain an adequate understanding of the physical characteristics of the property to judge the accuracy and reasonableness of the appraiser's analyses and value estimate(s).

Statement of Assumptions and Limiting Conditions - Any assumptions and limiting conditions that are necessary to the background of the appraisal shall be stated. Any client agency or special legal instructions provided the appraiser shall be referenced and a copy of such instructions shall be included in the addenda of the appraisal report. If the appraisal has been made subject to any encumbrances against the property, such as easements, these shall be stated. In this regard, it is unacceptable to state that the property has been appraised as if free and clear of all encumbrances, *except as stated in the body of the report;* the encumbrances *must* be identified in this section of the report. General assumptions and limiting conditions, such as typically contained in appraisal addenda, must be reviewed for pertinence to the assignment and allowability with respect to other provisions of the contract. General assumptions and limiting conditions that are not applicable and/or allowable shall be deleted, and all others shall be edited as necessary to be specifically applicable and appropriate. Also, assumptions and limiting conditions cannot be used by an appraiser to alter an appraisal contract, assignment letter, or the appraiser's scope of work. Unsupported hypothetical conditions, assumptions, or limiting conditions may result in disapproval of the appraisal report. The appraiser must also avoid assumptions and limiting conditions that are clearly the appraiser's own conclusions. While it may be appropriate for an appraiser to conclude and report that a probability exists that the property under appraisal could be rezoned, it is not appropriate for an appraiser to make an appraisal under the "assumption" that the property could be rezoned. The Development Plan, as amended by TIDA, establishes a precedent for land uses at the property. The adoption of an unapproved assumption, or hypothetical condition, that results in a valuation of other than the market value of the property appraised as of the effective date of the appraisal will, as a general rule, invalidate the appraisal.

Scope of the Appraisal - The appraiser shall describe the scope of investigation. The appraisal's scope should conform to its purpose and intended use. The intended use and purpose of the appraisal places specific demands on the scope of the investigation and analysis presented in the appraisal report. The appraisal report should clearly link the appraisal's scope with its purpose and intended use. The geographical area and time span searched for market data should be included, as should a description of the type of market data researched and the extent of market data confirmation. The appraiser should state the references and data sources relied upon in making the appraisal; if preferred, this information may be shown within the applicable approaches to value. The applicability of all standard approaches to value shall be discussed and the exclusion of any approach to value shall be explained. The appraiser has the burden of clearly explaining the implications of any hypothetical condition or extraordinary assumption adopted. The required explanation and discussion of the implications of such hypothetical condition or extraordinary assumption must be included in this section of the appraisal report.

Purpose of the Appraisal - This section shall include an explanation of the reason for the appraisal, and the definition of all value estimates required, and a description of the property rights appraised. The purpose of the appraisal will be to estimate the market value as of the date of the appraisal report.

This section should specifically identify the intended use and the intended user of the appraisal report. The intended user of the appraisal report will be the Contracting Party, and the intended use of the appraisal report will be to estimate the fair market value of the property as of the effective date of the appraisal report. Care should be taken to prepare the appraisal report in a manner that clearly meets the intended use of the report by the intended user. It is imperative that the appraiser utilize the correct definition of market value. For appraisals prepared under these Standards, appraisers shall use the following definition of market value:

> Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

This definition must be placed in this section of the appraisal report. No other definition of market value for purposes of appraisals made under these Standards is acceptable, unless otherwise required by a specific and cited federal law or regulation. Contrary to USPAP Standards Rule 1-2(c), this definition of market value does not call for the estimate of value to be *linked* to a specific *exposure time* estimate, but merely that the property be exposed on the open market for a *reasonable* length of time, given the character of the property and its market. Therefore, the appraiser's estimate of market value shall not be *linked* to a specific exposure time when conducting appraisals for federal land acquisition purposes under these Standards. It is recognized that some appraisers' client groups (e.g., relocation companies, mortgage lenders) may require appraisers to estimate a *marketing time* for the property under appraisal. However, such estimates are inappropriate for, and must not be included in, appraisal reports prepared for federal land acquisitions under these Standards. "The request to provide a

reasonable marketing time opinion exceeds the normal information required for the conduct of the appraisal process" and is, therefore, beyond the scope of the appraisal assignment under these Standards.

Summary of Appraisal Problems - This section gives the appraiser the opportunity to acquaint the reader of the appraisal report with the specific appraisal problems, if any, which have been encountered by the appraiser and that will be discussed in detail in the body of the appraisal report. Appraisers are encouraged to take advantage of it. The appraiser should briefly describe the principal problems presented in estimating the market value of the property under appraisal and describe the estate to be taken. If the parcels under appraisal include water rights, minerals, or suspected mineral values, fixture values, timber values, or other rights of potential value, the treatment of their contributory value should be discussed, including the methodology employed to avoid the forbidden *summation* or *cumulative* appraisal. If the valuation of the property required the use of any consulting reports, these should be attached as addenda along with other sources of data for the analysis, and the appraiser should describe such reports, the method of utilization thereof, and the weight or reliance placed thereon.

2. The appraisal shall be performed based on the highest and best use that must take into account the Subject Property subject to the use dictated by the Development Plan as amended by TIDA per the DDA, and be accompanied by any supporting data.

All other methodologies other than that specifically addressed within this Scope of Work shall, to the extent practical, be based on market-derived data and methodology as formulated in a typical fair-market value appraisal. The appraiser shall consider all local, state, and federal ordinances, regulations, land use restrictions, engineering controls, and local practices when making a determination of the highest and best use.

3. All approaches to value should be considered when valuing the property. If the appraiser determines that a typical approach should be omitted, it must explain the reasons to support the exclusion in the appraisal report.

4. The appraiser shall explain the reasoning applied to arrive at the final opinion of value and how the results of each approach to value were weighed in that opinion, and the reliability of each approach to value for solving the particular appraisal problem. The appraiser shall also state his or her final estimate of value of all of the property under appraisal as a single amount.
5. TIDA shall provide the appraiser a copy of all records and data pertaining to the property detailed in Section VIII.

V. General Requirements:

1. The appraiser will be provided with Points of Contact for TIDA to assist in completing the assignment. For questions regarding the appraisal, please contact:

Name
Agency
Physical Address
Phone number and email address

2. All adjustments for dissimilarities between the appraised property and comparable market data, including sales comparables and rental data, as well as all discount and capitalization rates, etc., must be supported by market data. The narrative description of the adjustment process shall be sufficiently complete to indicate to the reader that the adjustments or rates were derived and applied in a reasonable and rational fashion consistent with market data. The actual adjustments shall be set forth in an adjustment grid(s) and discussed in sufficient detail to lead the reader to the appraiser's conclusions.

3. A detailed description/analysis, with photographs, of the property and improvements under appraisal is required which includes: a plot plan, improvement plans and specifications with dimensions, a description of any special features or copy of the "as-built" site survey; description and size and shape of site, topographical features, soil and subsoil conditions (if known), drainage and flood zone information, access and ingress/egress, utilities availability, site's relationship to neighboring properties, potential or existing nuisances and hazards, easements, encroachments and right-of-ways, and overall functional adequacy of the site.

4. In addition to above, the following information is required for existing improvements determined to be the highest and best use or historically significant and which would remain on site: estimated size of the improvements detailed in the most standard market acknowledged unit(s), a description of interior and exterior construction features and layout, available and required number of parking spaces, physical and chronological age, total economic life, remaining economic life, effective age, quality and condition, deferred maintenance, current use, and functional utility of the improvements.

5. Photographs of all comparable market data utilized in the report shall be provided within the appraisal. Maps displaying the location of all market data must also be included. These maps should be detailed enough to show specific site identification and location so that market data can be located during a field review of the appraisal.

6. Comparable market data shall be presented in individual write-up sheets. Rental Comparable data sheets shall include at a minimum: physical address, improvement description, lessor/lessee, date of lease(s) or most recent rental transaction(s), lease rates and terms including: type of lease (gross, modified gross, triple net), TI allowances, rental concessions, expense allocations, size of space leased, etc., and date and source of verification. Comparable sales data sheets must include, at a minimum: physical address or legal description, grantor/grantee, sales price & date, financing terms and conditions to include cash equivalency, zoning, size and shape of site, description of improvements, current use, development of capitalization rate (if sale comparable is income producing) and date and source of verification. The appraiser must physically inspect all principle comparable data used.

The documentation of each comparable sale shall include:

- Parties to the transaction
- Date of transaction
- Confirmation of the transaction with buyer, seller, broker, or other person having knowledge of the price, terms, and conditions of sale, include names of person the sale was verified with and phone numbers.
- Buyer motivation
- Location
- Size

- Unit counts
- Property rights conveyed
- Consideration
- Financing terms
- Sale conditions, such as arm's length or distressed
- Improvements, include utilities available,
- Zoning
- Photographs

Cite pertinent facts such as date, size, buyer and seller, price, terms, location, and explain why each sale was not used. Properties on the market for sale, but not yet sold, may be included as comparables if the appraiser feels they are relevant to the analysis.

The appraiser shall adhere to USPAP direction pertaining to comparable sales requiring extraordinary verification and weighting considerations. These include sales to governmental agencies, sales to non-profit organizations, sales to environmental organizations, sales to parties desiring to exchange the land to the government, distressed sales, and other atypical or non-arm's length sales.

7. The appraiser must provide a line-item discussion reflecting the mathematical development of each income, expense, vacancy, infrastructure, cost-to-cure, or demolition item cited in the appraisal report. Property operating expenses must be supported by market data based on industry standards or supported by industry recognized income/expense manuals such as BOMA, IREM, etc.

8. If the appraiser chooses to use self-made or commercial appraisal software, such as ARGUS, DYNA, PROJECT, Microsoft Excel etc., he/she must provide all supporting printouts, spreadsheets, and electronic versions of the files, which support the Operating Statement or Discounted Cash Flow (DCF) Analyses provided within the appraisal.

VI. Special Considerations/Assumptions:

1. Tidelands Trust – use restriction applies to certain portions of land on YBI. Attached to this scope is an overview of Tidelands Trust.
2. Market Value – as of the effective date of the appraisal
3. Bay Bridge Completion Date – assume completion by 2013-2015 (including bridge demolition) - TBD.
4. Utilities – all required utilities will be available to support development.
5. Entitlements in place – all necessary entitlements will be in place as of the effective date. Assume the current status of development in the entitlements process.
6. Environmental Clean-up – areas affected by environmental contamination will be remediated to the proposed uses identified in the TIDA's July 1996 redevelopment plan, except in limited areas where otherwise agreed to with the regulatory agencies such as CERCLA Site 6. Use restrictions such as institutional controls may be imposed on certain portions of the property and these areas may require management of hazardous substances remaining in place in soil or groundwater during construction for development, or until concentrations have attenuated below unrestricted levels.

7. Geotechnical – assume stabilization and improvement of the Property for seismic purposes will be conducted.

VII. Appraiser Qualifications:

Appraisers shall be a State Certified General Real Property Appraiser in California where the subject property is located and be in good standing with the licensing authority where the credential was issued. Appraiser must also hold a current MAI membership designation from the Appraisal Institute. Additionally, appraiser must be practicing or working for at least 10 years in either a national firm, or a regional firm based in California and have particular experience with coastal California real property transactions involving the product type that is the subject of the appraisal. The appraiser must maintain independence from all Contracting Parties and not have any contractual relationships with Developers within the prior 24 months.

VIII. Information to be provided to the Appraiser:

1. TBD

IX. Timing & Process:

The following provides a projected schedule of key milestones. All days are completion dates from the date of award (number of days from previous task).

Contract Award Date – TBD
Kickoff Meeting with TIDA (+5 days) – TBD
Deliver Information to Appraiser (+3 days) – TBD
Property Inspection (+7 days) – TBD
Supplemental Information Request (if needed) – Anytime
Final Report (+30 days) – TBD

1. Pre-Work Conference: At the request of TIDA, the appraiser will be required to attend a pre-work conference for discussion and understanding of these instructions, including an update of the project schedule. The pre-work conference may be held in conjunction with the property examination.

2. The appraiser shall submit to the Contracting Party a complete, Self-Contained Appraisal Report along with three (3) signed copies and a live electronic copy of the appraisal report within the number of days (or date) specified within the fully executed contract for appraisal services.

4. The appraiser shall provide an electronic Portable Document Format (PDF) version of the signed appraisal report along with any maps, drawings, photos, graphs and all backup information to the Contracting Party.

6. Definition of Terms: Unless specifically defined herein or in USPAP, definitions of all terms are the same as those found in “The Dictionary of Real Estate Appraisal” (Appraisal Institute), current edition.

7. Testimony. Upon the request of the Department of Navy or United States Attorney or the Department of Justice, and the City of San Francisco, the appraiser shall, in any judicial proceedings, testify as to the value of any and all property included in the appraisal report as of the valuation date. Fees for these services shall be determined upon the Contracting Party's request for testimony.

X. Confidentiality:

The Contracting Party and the appraiser acknowledge and agree that in the course of performing the Work under this agreement, the Contracting Party may disclose Confidential Information, which has been approved and authorized by Contracting Party for release, to the appraiser.

The appraiser agrees not to disclose the Contracting Party Confidential Information to any Third Party and to treat it with the same degree of care as it would its own confidential information. It is understood, however, that the appraiser may disclose the Contracting Party Confidential Information on a "need to know" basis to the appraiser's employees and Subcontractors. All such employees and Subcontractors of the appraiser shall have executed a confidentiality agreement with the Contracting Party requiring a promise of confidentiality concerning the Contracting Party Confidential Information.

Appraiser's valuations and supporting appraisal reports are confidential information as well and the appraiser shall strictly abide by the Confidentiality provisions of the Ethics Rule of USPAP, which provides as follows:

- An appraiser must protect the confidential nature of the appraiser-client relationship.
- An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results.
- An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than:
    1) the client and persons specifically authorized by the client;
    2) federal, state enforcement agencies and such third parties as may be authorized by due process of law; and
    3) a duly authorized professional peer review committee.

Under exception #1 in the preceding paragraph, appraisers must obtain written authorization from the Contracting Party before disclosure. The passage of time in and of itself does not extinguish either the appraiser's responsibility for confidentiality or the appraiser/client relationship. The appraiser/client relationship is extinguished only upon written release from the Contracting Party. Even though the appraiser/client relationship may terminate, the appraiser remains subject to the confidentiality provisions of USPAP.

EXHIBIT W
AUCTION BIDDER SELECTION GUIDELINES
RESIDENTIAL LOTS

Non-Affiliation Requirement

- Bidder is not an Affiliate of Developer
    - Affiliate of Developer means an entitity that directly or indirectly controls, is controlled by, or is under common control with, the Developer or its partners or members
- Bidder does not have any financial arrangements with Developer in submitting its bid

Financial Requirements

-Bidder is able to demonstrate the financial ability to perform the obligations it is assuming in association with the development of the auction lot. For purposes of this section, this includes evidence of access to adequate equity and debt capital along with commitment letters from those financing sources, and the ability to post the required security associated with the development of the auction lot.

- Provision of a commitment letter to fund a 10% refundable deposit within 10 business days of being selected the auction winner

Experience Requirements

-The managing principal of the bidder has at least five (5) years of experience in developing the type of residential product to be developed on the auction lot the bidder is seeking to purchase.

-The principals of the bidder have collectively completed at least three (3) development projects containing at least 75% of the number of units proposed for the auction lot.

Entity in Good Standing Requirements

-Documentation evidencing that the bidder and its constituent members, if any, have been duly formed, made all filings and are in good standing in the State of California and in the state of their respective incorporation. If the bidder is a joint venture, then the bidder shall provide evidence demonstrating the existence of a duly executed contractual relationship between the applicable parties.

-Bidder has not defaulted on its obligations on another lot or project within the Treasure Island or Yerba Buena Island development area.

No Unfair Advantage Requirement

- Bidder has not revieved an unfair advantage by receiving any bid information that is different from or in advance of such information being made available to other interested bidders

EXHIBIT X

GUIDELINES FOR RESIDENTIAL AUCTION LOT SELECTION

1. As stated in Section 5.5.3, "The distribution and selection of the Residential Auction Lots shall be based on a principle of nondiscrimination. The selected Residential Auction Lots shall be generally representative of the average advantages and disadvantages of the Market Rate Lots to be developed in that Major Phase. Factors to be considered in such selection include, but are not limited to, parcel size, views, proximity to parks, proximity to the transit center, proximity to the Job Corps site, proximity to the Bay Bridge, proximity to the retail core and exposure to wind."

2. The Navy, City, and Developer recognize that the factors to be considered are qualitative in nature and that each lot has both advantages and disadvantages relative to other lots. The Parties acknowledge that the Auction Lots cannot be "average" in each and every single qualitative respect, but that each lot will be average when considering the totality of all of the factors.

3. The Parties acknowledge that each product type (as defined below) has its own inherent characteristics and that the combination of factors that combine to create an "average" lot must be considered within the context of each product type. For example, the views of a townhome lot will be compared against the views of other townhome lots, not against the views offered by a high-rise lot.
    a. For purposes of this exhibit, the product types will be grouped into the following categories:
        i. Townhome
        ii. Low-Rise (Less than 70' in height)
        iii. Mid-Rise (Between 70' and 125' in height)
        iv. Towers (Greater than 125' in height)

4. The Parties acknowledge that while the goal is to distribute the auction of 20% of all market-rate units evenly among product types and Major Phases, it is not possible to achieve an exact 20% in any single Major Phase or for a given product type given the relatively small number of lots in each Major Phase and the relatively small number of Market Rate Lots slated for certain product types. The parties also acknowledge that an auction lot that is acquired by the Developer following an unsuccessful auction as described in Section 5.5 may not be used as a comparable sale in the Appraisal Process, unless agreed to by the Parties.

5. The Parties agree to the following:

a. The share of market-rate units to be auctioned in any single Major Phase may range from 10%-30% of the market-rate units in that Major Phase, so long as
    i. the first Major Phase contains Residential Auction Lots that total at least 15% of the market-rate units in the first Major Phase
    ii. the cumulative total of market-rate units identified for auction across all approved Major Phases is at least 15%, and
    iii. the Developer demonstrates that the 20% market-rate unit auction threshold can reasonably be achieved by the end of the Project.

b. Each Major Phase will contain at least one (1) Residential Auction Lot of each product type programmed in that Major Phase, so long as at least three (3) Market Rate Lots of that product type are programmed within that Major Phase. Should a Major Phase contain fewer than three (3) Market Rate Lots of a certain product type, no auction is required for that product type within the Major Phase if the following conditions have been met:
    1. That product type has been subject to a lot auction in a previous Major Phase; and
    2. The total share of auction units identified within the current Major Phase is within the guidelines established for Major Phase auction site selection in 5.a above.

EXHIBIT Y-1

FORM OF GUARANTY (BASE SECURITY)

GUARANTY AGREEMENT
(TREASURE ISLAND/YERBA BUENA ISLAND)

This GUARANTY AGREEMENT (TREASURE ISLAND/YERBA BUENA ISLAND) (this "**Guaranty**") dated as of _____, 2011 (the "**Effective Date**"), is made by _____ ("**Guarantor**"), to and for the benefit of the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California non-profit public benefit corporation (the "**Authority**"). Unless otherwise defined in this Guaranty, all initially capitalized terms used in this Guaranty shall have the meanings given to them in the DDA (as defined below).

This Guaranty is made with reference to the following facts and circumstances:

RECITALS

A. The Authority and Treasure Island Community Development, LLC, a California limited liability company ("**Developer**"), entered into that certain Exclusive Negotiating Agreement dated as of June 1, 2003. The Exclusive Negotiating Agreement was amended and restated in its entirety pursuant to the Amended and Restated Exclusive Negotiating Agreement dated as of September 14, 2005, as further amended by the Amendment to Schedule of Performance Set Forth in the Amended and Restated Exclusive Negotiating Agreement dated as of July 1, 2006, the Second Amendment to the Amended and Restated Exclusive Negotiating Agreement dated as of March 12, 2008, the Third Amendment to the Amended and Restated Exclusive Negotiating Agreement dated as of February 10, 2010, and the Fourth Amendment to Exclusive Negotiating Agreement dated as of June 22, 2011 (collectively, the "**ENA**").

B. In connection with the ENA, Lennar Corporation provided that certain Guaranty dated as of June 1, 2003 (the "**Original Project Guaranty").**

C. The Authority and Developer entered into that certain Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated for reference purposes as of June 28, 2011 (including all incorporated exhibits thereto and as amended from time to time, the "**DDA**").

B. Guarantor will derive material financial benefit from the DDA and the taking of actions in accordance with the DDA under which the obligation to provide this Guaranty arose. In accordance with section 26 of the DDA, Guarantor is willing to replace the Original Project Guaranty as set forth herein and provide this Guaranty to the Authority as Developer's Base Security under the DDA. As set forth in the DDA, the Authority shall return the Original Project Guaranty to Developer upon execution and delivery of such Base Security including this Guaranty.

AGREEMENT

ACCORDINGLY, in consideration of the matters described in the above Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, Guarantor agrees as follows:

1. Guaranty

1.1 Guaranty. Guarantor unconditionally and irrevocably guarantees to the Authority the due and punctual payment (and not merely the collectability) and performance of the Guaranteed Obligations (as defined below), as and when the same shall become due and/or payable, on the terms provided in this Guaranty. In addition, Guarantor shall pay, and upon the Authority request shall reimburse the Authority promptly for, all costs and expenses actually incurred by the Authority to enforce the Authority's rights, powers or remedies under this Guaranty (including, without limitation, reasonable collection charges and Attorneys' Fees and Costs (as defined below)) (together with any late payment interest on amounts due as set forth below, the "**Reimbursement Amount**"). With respect to Guaranteed Obligations that constitute payment (i.e. not performance) obligations under the ENA or the DDA, as applicable, any amount due and payable by Guarantor under this Guaranty but not paid within sixty (60) days after receipt of the Authority's written demand therefor shall be accompanied by interest on such amounts at the lesser of ten percent (10%) per annum or the maximum amount permitted by law, calculated from the date of Guarantor's receipt of the Authority's written demand therefor through and including the date of payment of such amounts (calculated on the basis of a 365-day year and for the actual number of days elapsed).

1.2 Definition of Guaranteed Obligations.

As used herein, "**Guaranteed Obligations**" means (i) all of the obligations of Developer under the ENA arising on, before or after the Effective Date (the "**ENA Guaranteed Obligations**") and (ii) all of Developer's obligations for the payment of Financial Obligations and payment and performance of Indemnifications under the DDA, including Indemnification obligations relating to the construction of Infrastructure, Stormwater Management Controls, Associated Public Benefits and Required Improvements; provided, however, that under no circumstances shall the aggregate liability of Guarantor for the Guaranteed Obligations, excluding the Reimbursement Amount, exceed **[insert amount applicable to Guarantor determined under Section 26.2.1 of the DDA]** (the "**Secured Amount**"). Without limiting the generality of the preceding sentence, should the Guaranteed Obligations include a guaranty of performance, Guarantor shall not be obligated to incur obligations or spend funds for the Guaranteed Obligations that, in the aggregate (including payment obligations to the Authority for the Guaranteed Obligations), exceed the Secured Amount .

1.3 Acknowledgments by Guarantor. Guarantor acknowledges, confirms, and agrees that: (a) it has received fair and adequate consideration for its execution of this Guaranty; (b) it derived material financial benefit from the Authority's execution of the ENA and the DDA and

the Authority's actions under which the obligation to provide this Guaranty arose; and (c) there are no conditions to the full effectiveness of this Guaranty other than those expressly set forth in this Guaranty.

1.4 Independent Obligations; Continuing Guaranty. This Guaranty is a primary and original payment and performance obligation of Guarantor and is absolute, unconditional, continuing and irrevocable.

2. Waivers by Guarantor

2.1 Waivers. Guarantor hereby waives: (a) notice of acceptance of this Guaranty; (b) demand of payment, notice of nonperformance, notice of dishonor, presentation, protest, and indulgences and (except as specifically provided in this Guaranty) notices of any kind whatsoever; (c) any right to assert or plead any statute of limitations relating to this Guaranty, the ENA and the DDA (and Guarantor agrees that any act that tolls any statute of limitations applicable to the ENA and/or the DDA will operate similarly to toll the statute of limitations applicable to Guarantor's liability for the ENA Guaranteed Obligations and the DDA Guaranteed Obligations, respectively); (d) any right to require the Authority to proceed against Developer or any other person or entity liable to the Authority except to the extent expressly set forth in the ENA and/or DDA; (e) any right to require the Authority to apply to the cure of any default any letter of credit or other security it may hold under the DDA, except to the extent expressly set forth in the DDA; (f) until the Guaranteed Obligations have been satisfied in full, any right of subrogation; (g) any right to require the Authority to pursue or enforce any remedy that the Authority now has or may later have against Developer or any other person or entity; (h) any right to participate in any letter of credit or other security now or later held by the Authority; and (i) any defense that may arise by the reason of: (1) the incapacity, lack of authority, death, disability or other defense of Developer or any other person or entity; (2) the revocation or repudiation of this Guaranty by Guarantor; (3) failure of the Authority to file or enforce a claim against the estate (either in administration, bankruptcy or any other proceeding) of Developer or any others; (4) any election by the Authority in any proceeding instituted under the United States Bankruptcy Code, as amended (11 U.S.C. §§ 101, *et seq.*); (5) any borrowing or granting of a security interest under section 364 of the United States Bankruptcy Code; (6) the Authority's election of any remedy against Guarantor or Developer or any other party to the extent permitted hereunder or under the ENA and/or the DDA, as applicable; (7) the Authority's taking, modification, or releasing of any collateral or guarantees, or any failure to perfect any security interest in, or the taking of or failure to perfect any other action with respect to any collateral securing performance of obligations under the ENA and/or the DDA, as applicable; (8) any amendment or modification of the ENA, the DDA or related documents, whether or not known or consented to by Guarantor; or (9) any offset by Guarantor against any obligation now or later owed to Guarantor by Developer or any other person, it being the intention of this Guaranty that Guarantor remain liable to the full extent set forth in this Guaranty until the full performance of each and every term, condition and covenant of the ENA and the DDA to be performed with respect to the ENA Guaranteed Obligations and the DDA Guaranteed Obligations, respectively, notwithstanding any act, omission or thing that might otherwise operate as a legal or equitable

discharge of Guarantor. Without limiting the generality of the foregoing, Guarantor expressly waives any and all benefits under California Civil Code sections 2809, 2810, 2819, 2839, 2845, 2846, 2848, 2849, 2850, 2855, 2899 and 3433.

Without limiting the foregoing, Guarantor understands and acknowledges that if the Authority exercises any rights under the ENA and the DDA or any related agreements, then the exercise of such rights could impair or destroy any ability that Guarantor may have to seek reimbursement, contribution or indemnification from Developer or others based on any right Guarantor may have of subrogation, reimbursement, contribution or indemnification for any amounts paid or cost incurred by Guarantor under this Guaranty. Guarantor further understands and acknowledges that in the absence of this Section 2.1, such potential impairment or destruction of Guarantor's rights, if any, may entitle Guarantor to assert a defense to this Guaranty based on law or in equity, including but not limited to, in the case of any real property security, section 580d of the California Code of Civil Procedure as interpreted in Union Bank v. Gradsky, 265 Cal. App. 2d 40 (1968). By executing this Guaranty, Guarantor freely, irrevocably, absolutely and unconditionally: (i) waives and relinquishes that defense and agrees that Guarantor will be fully liable under this Guaranty even though the Authority may exercise any right or remedy under the ENA and the DDA, including any act judicially or nonjudicially against any real property security; (ii) agrees that Guarantor will not assert that defense in any action or proceeding which the Authority may commence to enforce this Guaranty; (iii) agrees that the rights and defenses waived by Guarantor under this Guaranty include any right or defense that Guarantor may have or be entitled to assert based on or arising out of law or equity, including, without limitation, any one or more of sections 580a, 580b, 580d or 726 of the California Code of Civil Procedure; (iii) waives notice of default, acceleration, protest or dishonor; (iv) waives any notice of sale or other disposition of any security; (v) waives notice of acceptance of this Guaranty and of the existence, creation or incurring of new or additional guaranteed obligations, and all other notices of any kind with respect to any Guaranteed Obligations except for any notice required to be given to Guarantor under this Guaranty; and (vi) agrees that the Authority is relying on these waivers in entering into the DDA and taking the actions under which the obligation to provide this Guaranty arose and that these waivers are a material part of the consideration that the Authority is receiving in connection with such acts.

2.2 Waiver of Subrogation. Subject to the waivers set forth in Section 2.1, upon satisfaction in full of all of the Guaranteed Obligations, Guarantor shall be subrogated to the rights of the Authority against Developer or others with respect to the Guaranteed Obligations, and the Authority agrees to take such steps as Guarantor may reasonably request to implement such subrogation (provided Guarantor shall pay the Authority all costs actually incurred with respect thereto pursuant to the ENA and the DDA and that the Authority shall not incur any liabilities in taking any such steps).

3. Consents by Guarantor

3.1 Consents; No Discharge of Obligations. Without releasing, discharging, impairing, or otherwise affecting any obligations of Guarantor under this Guaranty or the validity or enforceability of this Guaranty, the Authority, by action or inaction, in its sole and absolute discretion and without notice to Guarantor, may refuse or fail to enforce all or any portion of the Authority's rights, powers or remedies under this Guaranty, the ENA, the DDA or any related documents. The Authority, in its sole and absolute discretion and without notice to Guarantor may additionally: (a) compromise, settle, extend the time for payment or performance of all or any part of the Guaranteed Obligations; and (b) deal in all respects with Guarantor as if this Guaranty were not in effect. It is the intent of the Guarantor and the Authority that Guarantor shall remain liable for the payment and performance of the Guaranteed Obligations and all other obligations guaranteed hereby to the extent set forth herein, notwithstanding any act or thing that might otherwise operate as a legal or equitable discharge of a surety.

3.2 Payments to Other Persons. The Authority shall be under no obligation to marshal any assets in favor of Guarantor or against, or in payment or performance of, any or all of the Guaranteed Obligations. If all or any part of any payment to or for the benefit of the Authority in respect of the Guaranteed Obligations is invalidated, declared to be fraudulent or preferential, set aside, or required for any reason to be repaid or paid over to a trustee, receiver or other person (a "**trustee**") under any insolvency law or any other law or rule of equity (collectively, "**set aside**"), to the extent of that payment or repayment, the Guaranteed Obligations (or the part thereof) intended to have been satisfied shall be revived and continued in full force and effect as if that payment had not been made, and Guarantor shall be primarily liable for that obligation, provided that nothing hereunder shall preclude Guarantor from obtaining a refund from a trustee.

3.3 Additional Rights. This Guaranty is in addition to, and not in substitution for or in reduction of, any other guaranty by Guarantor, or any obligation of Guarantor under any other agreement or applicable law that may now or hereafter exist in favor of the Authority. Except as may be expressly provided to the contrary in the ENA and/or the DDA, the liability of Guarantor under this Guaranty shall not be contingent upon the enforcement of any lien or realization upon the security, if any, the Authority may at any time possess with respect to the Guaranteed Obligations. Nothing herein shall limit the obligations of Developer or others under the ENA and/or the DDA.

3.4 Recourse. The Authority shall have the right to seek recourse against Guarantor to the full extent provided for in this Guaranty, which right shall be absolute and shall not in any way be impaired, deferred, or otherwise diminished by reason of any inability of the Authority to claim any amount of such Guaranteed Obligation from Guarantor or Developer or others as a result of bankruptcy or otherwise, including, but not limited to, any limitation on the Authority's claim from Guarantor or Developer or others under section 502(b)(6) of the United States Bankruptcy Code. No election to proceed in one form of action or proceeding, or against any person, or on any obligation, will constitute a waiver of the Authority's right to proceed in any form of action or proceeding or against other persons unless the Authority has expressly waived that right in writing.

4. Representations and Warranties of Guarantor

4.1 Representations and Warranties. Guarantor represents, warrants and covenants that it has full power and authority to execute, deliver and perform its obligations under this Guaranty, and that execution, delivery and performance have been duly authorized by all requisite action on its part.

4.2 Independent Investigation. Guarantor has performed its own independent investigation as to the matters covered by this Guaranty.

5. Termination of Guaranty

5.1 Termination. Guarantor's liability under this Guaranty shall be terminated, discharged and satisfied, and Guarantor shall be relieved of any and all further obligations under this Guaranty with respect to the terminated obligations, as follows:

(a) with respect to the ENA Guaranteed Obligations, on termination of the ENA; and

(b) with respect to the DDA Guaranteed Obligations, on the date that is five (5) years following the earliest to occur of the following events: (i) the issuance of the last Certificate of Completion for all Infrastructure to be Completed by Developer; (ii) the expiration or termination of the DDA with respect to Developer; or (iii) the expiration or termination of all of Developer's rights to develop or submit Applications to develop any portion of the Project Site; provided, that no such event shall result in termination of this Guaranty unless and until the expiration of any further period within which a trustee or other similar official in an action under any insolvency law may avoid, rescind, or set aside any payment previously made of any of the Guaranteed Obligations and provided further that if at the time of any such termination there is an unpaid Reimbursement Amount, then such termination shall be tolled until the payment in full of any then outstanding Reimbursement Amount in accordance with this Guaranty.

5.2 Evidence of Termination. Following any such termination and upon Guarantor's request, the Authority shall confirm in writing the fact of termination of this Guaranty and promptly return this Guaranty.

6. Notices

(a) A notice or communication under this Guaranty by either Guarantor or the Authority to the other shall be sufficiently given or delivered if given in writing and dispatched by hand, by registered or certified mail, postage prepaid, or by a recognized overnight carrier, such as Federal Express, addressed as follows:

(i) In the case of a notice or communication to the Authority:

Treasure Island Development Authority
c/o Office of Economic and Workforce Development
City Hall, Rm. 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Treasure Island Project Director
Facsimile: 415.554.6018

and

Office of the City Attorney
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate/Finance
Facsimile: 415.554.4755

(ii) And in the case of a notice or communication sent to Guarantor:

[Insert Name and Address of Guarantor]

And to:

[Insert Name and Address of Guarantor's Legal Counsel]

And to:

Treasure Island Community Development, LLC
c/o UST Lennar HW Scala SF Joint Venture
One California Street, Suite 2700
San Francisco, CA 94111
Attn: Kofi Bonner
Facsimile: 415.995.1778

And to: Gibson, Dunn & Crutcher
555 Mission Street, Suite 3000
San Francisco, CA 94105
Attn: Mary G. Murphy
Facsimile: (415) 374-8480

For convenience, copies of notices may also be given by facsimile.

Every notice pursuant to the terms of this Guaranty must be in writing and must state (or must be accompanied by a cover letter that states) substantially the following:

(b) the Section of this Guaranty pursuant to which the notice is given and the action or response required, if any;

(c) if applicable, the period of time within which the recipient of the notice must respond thereto;

(d) if approval is being requested, that it is a "Request for Approval under Guaranty Agreement"; and

(e) if it provides notice of a disapproval or an objection that requires reasonableness, specifically and with particularity the reasons therefor.

Any mailing address or facsimile number may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days before the effective date of the change. All notices under this Guaranty will be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed or delivered by a recognized carrier, on the delivery date or attempted delivery date shown on the return receipt or in the records of such carrier, as applicable. Official or binding notice may not be given by facsimile. The effective time of a notice shall not be affected by the receipt, before receipt of the original, of a facsimile copy of the notice.

7. General Provisions

7.1 Successors and Assigns. This Guaranty will be binding upon, and inure to the benefit of, Guarantor and the Authority and their respective successors, heirs, administrators and assigns.

7.2 Amendments. This Guaranty may be amended or modified only by a written instrument executed by the Authority and Guarantor.

7.3 Waivers. No action taken pursuant to this Guaranty by the Authority shall be deemed to be a waiver by the Authority of Guarantor's compliance with any of the provisions hereof. No waiver by the Authority of any breach of any provision of this Guaranty shall be construed as a waiver by the Authority of any subsequent or different breach. No forbearance by the Authority to seek a remedy for noncompliance hereunder or breach by Guarantor shall be construed as a waiver by the Authority of any right or remedy with respect to such noncompliance or breach.

7.4 Continuation and Survival of Covenants. All covenants by Guarantor contained herein shall be deemed to be material and shall survive any termination of the ENA, the DDA, or a portion of either if the Guaranteed Obligations have arisen and not been satisfied as of the date of any such termination.

7.5 Governing Law; Selection of Forum. This Guaranty shall be governed by and construed in accordance with the laws of the State of California. As part of the consideration for the DDA and the Authority's actions under which the obligation to provide this Guaranty arose, Guarantor agrees that all actions or proceedings arising directly or indirectly under this Guaranty may, at the sole option of the Authority, be litigated in courts located within the State of California, and Guarantor expressly consents to the jurisdiction of any such local, state or federal court, and consents that any service of process in such action or proceeding may be made by personal service upon Guarantor wherever Guarantor may then be located, or by certified or registered mail directed to Guarantor at the address set forth in this Guaranty for the delivery of notices.

7.6 Merger of Prior Agreements. Guarantor and the Authority intend that this Guaranty 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. Guarantor and the Authority further intend that this Guaranty 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 Guaranty. Without limiting the generality of this Section 7.6, Guarantor and the Authority acknowledge and agree that this Guaranty, together with any other Guaranty provided to the Authority for Base Security prior to the termination of the ENA Guaranteed Obligations, replaces the Original Project Guaranty in its entirety and therefore the Original Project Guaranty is of no further force and effect as of the Effective Date hereof.

7.7 Interpretation of Guaranty. Unless otherwise specified, whenever in this Guaranty reference is made to any Section, or any defined term, the reference shall be deemed to refer to the Section or defined term of this Guaranty. Any reference to a Section includes all subsections and subparagraphs of that Section. The use in this Guaranty of the words "including", "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific items or matters, whether or not language of non-limitation, such as "without limitation" or "but not limited to", or words of similar import, is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such statement, term or matter. In the event of a conflict between the Recitals and the remaining provisions of the Guaranty, the remaining provisions shall prevail. Any titles of the several parts and Sections of this Guaranty are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions. The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. References to days, months and years mean calendar days, months and years unless otherwise specified. References to any law, specifically or generally, will mean the law as amended, supplemented or superseded from time to time. The provisions of this Guaranty shall be construed as a whole according to their common meaning and not strictly for or against either Guarantor or the Authority in order to achieve the objectives and purposes of Guarantor and the Authority, regardless of who drafted this Guaranty.

7.8 Attorneys' Fees and Costs. Should either Guarantor or the Authority institute any action or proceeding in court to enforce any provision hereof or for damages by reason of an alleged breach of any provision of this Guaranty, the prevailing party shall be entitled to receive from the losing party court costs incurred by the prevailing party including, without limitation, expert witness fees and costs and expenses, travel time and associated costs; transcript preparation fees and costs; document copying expenses; exhibit preparation costs; carrier expenses and postage and communications expenses; such amount as a court or other decision maker may adjudge to be reasonable attorneys' fees for the services rendered to the prevailing party in such action or proceeding; fees and costs associated with execution upon any judgment or order; and costs on appeal and any collection efforts (the "**Attorneys' Fees and Costs**"). For purposes of this Guaranty, the Attorneys' Fees and Costs shall include the fees and costs of in-house counsel for the City, the Authority and Guarantor based on the fees regularly charged by private attorneys with the equivalent number of years of professional experience in the subject matter area of the law for which the City's, the Authority's or Guarantor's in-house counsel's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the City, the Authority or Guarantor.

7.9 Severability. Invalidation of any provision of this Guaranty, or of its application to any person, by judgment or court order, will not affect any other provision of this Guaranty or its application to any other person or circumstance, and the remaining portions of this Guaranty will continue in full force and effect, unless enforcement of this Guaranty as invalidated would be

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

7.10 Substitute Security.

(a) Substitute Security. If at any time during the period this Guaranty is in effect, the Net Worth of Guarantor falls below Fifty Million Dollars ($50,000,000) (the "**Net Worth Requirement**") or Guarantor causes or allows to occur a Significant Change (as defined in Section 7.10(b) below) (each, a **"Substitute Security Event**"), then Guarantor shall notify the Authority and Developer as soon as reasonably practicable. Upon the occurrence of a Substitute Security Event, Developer is required under Section 26.3 of the DDA to supply the Authority with a substitute guaranty (in the form of this Guaranty), an unconditional letter of credit, or other form of security, in each case: (i) in favor of the Authority; (ii) in form and substance, and issued by persons or entities, reasonably satisfactory to the Authority (including satisfaction of the Net Worth Requirement); (iii) in the amount of one hundred percent (100%) of the Guaranteed Obligations up to the Secured Amount and (iv) to remain in effect until the Guaranteed Obligations are fulfilled **("Substitute Security")**. If Developer does not supply the Authority with the Substitute Security within the time period required under the DDA, the Authority shall notify Guarantor and Guarantor shall provide such Substitute Security within ten (10) days after the Authority's notice. Failure of the Authority to give notice of Developer's failure to provide the Substitute Security shall not relieve Guarantor of its obligations hereunder. It shall be a default of Guarantor under this Guaranty, and a default of Developer under the terms of the DDA, if Guarantor fails to provide the Substitute Security within ten (10) days after the Authority's notice. The Authority's sole remedy against Guarantor for Guarantor's failure to provide the Substitute Security in the event Developer does not provide it as required under the DDA will be to require Guarantor to specifically perform its obligation to provide the Substitute Security in the Secured Amount and not to seek damages against Guarantor attributable to such failure; however, this limitation on remedies shall apply only to Guarantor's failure to provide the Substitute Security in the event Developer fails to provide the Substitute Security as required under the DDA, not to the Authority's rights to enforce this Guaranty generally, and shall not limit the Authority's rights against Developer under the DDA. Upon the Developer or Guarantor providing the Substitute Security required under this Section 7.11(a), the Authority shall promptly return this Guaranty.

(b) Significant Change. For purposes of Section 7.10(a) above, "**Significant Change**" means (i) Guarantor files a petition for bankruptcy, or makes a general assignment for the benefit of its creditors, (ii) a receiver is appointed on account of Guarantor's insolvency, (iii) a writ of execution or attachment or any similar process is issued or levied against any bank accounts of Guarantor, or against any property or assets of Guarantor being used or required for use in the development of the Infrastructure or against any substantial portion of any other property or assets of Guarantor, (iv) a final non-appealable judgment is entered against Guarantor in an amount in excess of ten percent (10%) of Guarantor's Net Worth and Guarantor does not satisfy or bond the judgment within twenty (20) days, or (v) without the consent of

Guarantor, an application for relief is filed against Guarantor under any federal or state bankruptcy law, unless the application is dismissed within ninety (90) days.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Guarantor and the Authority, each being duly authorized, have executed and delivered this Guaranty as of the Effective Date.

GUARANTOR:

_____

a _____

By:_____

Name: _____

Title: _____

[SIGNATURES CONTINUE ON NEXT PAGE]

EXHIBIT Y-1: FORM OF BASE GUARANTY

ACCEPTED AND AGREED:

AUTHORITY:

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

By: _____
Name: _____
Title: Deputy City Attorney

TREASURE ISLAND DEVELOPMENT AUTHORITY

By: _____
Name: _____
Title: Executive Director

101106846.3

EXHIBIT Y-1: FORM OF BASE GUARANTY

EXHIBIT Y-2

FORM OF GUARANTY (ADEQUATE SECURITY OTHER THAN BASE SECURITY)

GUARANTY AGREEMENT
(TREASURE ISLAND/YERBA BUENA ISLAND)

This GUARANTY AGREEMENT (TREASURE ISLAND/YERBA BUENA ISLAND) (this "**Guaranty**") dated as of _____, 20__ (the "**Effective Date**"), is made by _____ ("**Guarantor**"), to and for the benefit of the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California non-profit public benefit corporation (the "**Authority**"). Unless otherwise defined in this Guaranty, all initially capitalized terms used in this Guaranty shall have the meanings given to them in the DDA (as defined below).

This Guaranty is made with reference to the following facts and circumstances:

RECITALS

A. The Authority and Treasure Island Community Development, LLC, a California limited liability company ("**Developer**"), entered into that certain Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated for reference purposes as of June 28, 2011 (including all incorporated exhibits thereto and as amended from time to time, the "**DDA**").

B. Guarantor will derive material financial benefit from the DDA and the taking of actions in accordance with the DDA under which the obligation to provide this Guaranty arose. In accordance with Section 26.4 of the DDA, Guarantor is willing to provide this Guaranty to the Authority.

AGREEMENT

ACCORDINGLY, in consideration of the matters described in the above Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, Guarantor agrees as follows:

1. Guaranty

1.1 Guaranty. Guarantor unconditionally and irrevocably guarantees to the Authority the due and punctual payment (and not merely the collectability) and performance of the Guaranteed Obligations (as defined below), as and when the same shall become due and/or payable, on the terms provided in this Guaranty. In addition, Guarantor shall pay, and upon the Authority request shall reimburse the Authority promptly for, all costs and expenses actually incurred by the Authority to enforce the Authority's rights, powers or remedies under this Guaranty (including, without limitation, reasonable collection charges and Attorneys' Fees and

Costs (as defined below)) (together with any late payment interest on amounts due as set forth below, the "**Reimbursement Amount**"). With respect to Guaranteed Obligations that constitute payment (i.e. not performance) obligations under the DDA, any amount due and payable by Guarantor under this Guaranty but not paid within sixty (60) days after receipt of the Authority's written demand therefor shall be accompanied by interest on such amounts at the lesser of ten percent (10%) per annum or the maximum amount permitted by law, calculated from the date of Guarantor's receipt of the Authority's written demand therefor through and including the date of payment of such amounts (calculated on the basis of a 365-day year and for the actual number of days elapsed).

1.2 Definition of Guaranteed Obligations. As used herein, "**Guaranteed Obligations**" means all of Developer's obligations with respect to Sub-Phase ____ (collectively, the "**Guaranteed Sub-Phase**"), including Developer's obligation to Complete all of the Infrastructure, Stormwater Management Controls, Required Improvements and Associated Public Benefits associated with that Sub-Phase, which obligations include but are not limited to all hard and soft costs relating to construction of such Infrastructure, Stormwater Management Controls, Required Improvements and Associated Public Benefits, and all work required to be performed by Developer to Complete such Infrastructure, Stormwater Management Controls, Required Improvements and Associated Public Benefits such as land assembly, mapping, and performance under the Land Acquisition Agreements, but excluding the payment of the Financial Obligations and all Indemnification obligations, each of which are secured by the applicable Base Security; provided, however, that under no circumstances shall the aggregate liability of Guarantor for the Guaranteed Obligations, excluding the Reimbursement Amount, exceed $_____ **[*insert Sub-Phase Construction Secured Amount determined under Section 26.4*]** (the "**Secured Amount**"). Without limiting the generality of the preceding sentence, should the Guaranteed Obligations include a guaranty of performance, Guarantor shall not be obligated to incur obligations or spend funds for the Guaranteed Obligations that, in the aggregate (including payment obligations to the Authority for the Guaranteed Obligations), exceed the Secured Amount.

1.3 Acknowledgments by Guarantor. Guarantor acknowledges, confirms, and agrees that: (a) it has received fair and adequate consideration for its execution of this Guaranty; (b) it derived material financial benefit from the Authority's execution of the DDA and the Authority's actions under which the obligation to provide this Guaranty arose; and (c) there are no conditions to the full effectiveness of this Guaranty other than those expressly set forth in this Guaranty.

1.4 Independent Obligations; Continuing Guaranty. This Guaranty is a primary and original payment and performance obligation of Guarantor and is absolute, unconditional, continuing and irrevocable.

2. Waivers by Guarantor

2.1 Waivers. Guarantor hereby waives: (a) notice of acceptance of this Guaranty; (b) demand of payment, notice of nonperformance, notice of dishonor, presentation,

protest, and indulgences and (except as specifically provided in this Guaranty) notices of any kind whatsoever; (c) any right to assert or plead any statute of limitations relating to this Guaranty and the DDA (and Guarantor agrees that any act that tolls any statute of limitations applicable to the DDA will operate similarly to toll the statute of limitations applicable to Guarantor's liability hereunder); (d) any right to require the Authority to proceed against Developer or any other person or entity liable to the Authority except to the extent expressly set forth in the DDA; (e) any right to require the Authority to apply to the cure of any default any letter of credit or other security it may hold under the DDA, except to the extent expressly set forth in the DDA; (f) until the Guaranteed Obligations have been satisfied in full, any right of subrogation; (g) any right to require the Authority to pursue or enforce any remedy that the Authority now has or may later have against Developer or any other person or entity; (h) any right to participate in any letter of credit or other security now or later held by the Authority; and (i) any defense that may arise by the reason of: (1) the incapacity, lack of authority, death, disability or other defense of Developer or any other person or entity; (2) the revocation or repudiation of this Guaranty by Guarantor; (3) failure of the Authority to file or enforce a claim against the estate (either in administration, bankruptcy or any other proceeding) of Developer or any others; (4) any election by the Authority in any proceeding instituted under the United States Bankruptcy Code, as amended (11 U.S.C. §§ 101, *et seq.*); (5) any borrowing or granting of a security interest under section 364 of the United States Bankruptcy Code; (6) the Authority's election of any remedy against Guarantor or Developer or any other party to the extent permitted hereunder or under the DDA; (7) the Authority's taking, modification, or releasing of any collateral or guarantees, or any failure to perfect any security interest in, or the taking of or failure to perfect any other action with respect to any collateral securing performance of obligations under the DDA; (8) any amendment or modification of the DDA or related documents, whether or not known or consented to by Guarantor; or (9) any offset by Guarantor against any obligation now or later owed to Guarantor by Developer or any other person, it being the intention of this Guaranty that Guarantor remain liable to the full extent set forth in this Guaranty until the full performance of each and every term, condition and covenant of the DDA to be performed with respect to the Guaranteed Obligations, notwithstanding any act, omission or thing that might otherwise operate as a legal or equitable discharge of Guarantor. Without limiting the generality of the foregoing, Guarantor expressly waives any and all benefits under California Civil Code sections 2809, 2810, 2819, 2839, 2845, 2846, 2848, 2849, 2850, 2855, 2899 and 3433.

Without limiting the foregoing, Guarantor understands and acknowledges that if the Authority exercises any rights under the DDA or any related agreements, then the exercise of such rights could impair or destroy any ability that Guarantor may have to seek reimbursement, contribution or indemnification from Developer or others based on any right Guarantor may have of subrogation, reimbursement, contribution or indemnification for any amounts paid or cost incurred by Guarantor under this Guaranty. Guarantor further understands and acknowledges that in the absence of this Section 2.1, such potential impairment or destruction of Guarantor's rights, if any, may entitle Guarantor to assert a defense to this Guaranty based on law or in equity, including but not limited to, in the case of any real property security, section 580d of the California Code of Civil Procedure as interpreted in Union Bank v. Gradsky, 265 Cal. App. 2d 40 (1968). By executing this Guaranty, Guarantor freely, irrevocably, absolutely and

unconditionally: (i) waives and relinquishes that defense and agrees that Guarantor will be fully liable under this Guaranty even though the Authority may exercise any right or remedy under the DDA, including any act judicially or nonjudicially against any real property security; (ii) agrees that Guarantor will not assert that defense in any action or proceeding which the Authority may commence to enforce this Guaranty; (iii) agrees that the rights and defenses waived by Guarantor under this Guaranty include any right or defense that Guarantor may have or be entitled to assert based on or arising out of law or equity, including, without limitation, any one or more of sections 580a, 580b, 580d or 726 of the California Code of Civil Procedure; (iii) waives notice of default, acceleration, protest or dishonor; (iv) waives any notice of sale or other disposition of any security; (v) waives notice of acceptance of this Guaranty and of the existence, creation or incurring of new or additional guaranteed obligations, and all other notices of any kind with respect to any Guaranteed Obligations except for any notice required to be given to Guarantor under this Guaranty; and (vi) agrees that the Authority is relying on these waivers in entering into the DDA and taking the actions under which the obligation to provide this Guaranty arose and that these waivers are a material part of the consideration that the Authority is receiving in connection with such acts.

2.2 Waiver of Subrogation. Subject to the waivers set forth in Section 2.1, upon satisfaction in full of all of the Guaranteed Obligations, Guarantor shall be subrogated to the rights of the Authority against Developer or others with respect to the Guaranteed Obligations, and the Authority agrees to take such steps as Guarantor may reasonably request to implement such subrogation (provided Guarantor shall pay the Authority all costs actually incurred with respect thereto pursuant to the DDA and that the Authority shall not incur any liabilities in taking any such steps).

3. Consents by Guarantor

3.1 Consents; No Discharge of Obligations. Without releasing, discharging, impairing, or otherwise affecting any obligations of Guarantor under this Guaranty or the validity or enforceability of this Guaranty, the Authority, by action or inaction, in its sole and absolute discretion and without notice to Guarantor, may refuse or fail to enforce all or any portion of the Authority's rights, powers or remedies under this Guaranty, the DDA or any related documents. The Authority, in its sole and absolute discretion and without notice to Guarantor may additionally: (a) compromise, settle, extend the time for payment or performance of all or any part of the Guaranteed Obligations; and (b) deal in all respects with Guarantor as if this Guaranty were not in effect. It is the intent of the Guarantor and the Authority that Guarantor shall remain liable for the payment and performance of the Guaranteed Obligations and all other obligations guaranteed hereby to the extent set forth herein, notwithstanding any act or thing that might otherwise operate as a legal or equitable discharge of a surety.

3.2 Payments to Other Persons. The Authority shall be under no obligation to marshal any assets in favor of Guarantor or against, or in payment or performance of, any or all of the Guaranteed Obligations. If all or any part of any payment to or for the benefit of the Authority in respect of the Guaranteed Obligations is invalidated, declared to be fraudulent or preferential, set aside, or required for any reason to be repaid or paid over to a

trustee, receiver or other person (a "**trustee**") under any insolvency law or any other law or rule of equity (collectively, "**set aside**"), to the extent of that payment or repayment, the Guaranteed Obligations (or the part thereof) intended to have been satisfied shall be revived and continued in full force and effect as if that payment had not been made, and Guarantor shall be primarily liable for that obligation, provided that nothing hereunder shall preclude Guarantor from obtaining a refund from a trustee.

3.3 Additional Rights. This Guaranty is in addition to, and not in substitution for or in reduction of, any other guaranty by Guarantor, or any obligation of Guarantor under any other agreement or applicable law that may now or hereafter exist in favor of the Authority. Except as may be expressly provided to the contrary in the DDA, the liability of Guarantor under this Guaranty shall not be contingent upon the enforcement of any lien or realization upon the security, if any, the Authority may at any time possess with respect to the Guaranteed Obligations. Nothing herein shall limit the obligations of Developer or others under the DDA.

3.4 Recourse. The Authority shall have the right to seek recourse against Guarantor to the full extent provided for in this Guaranty, which right shall be absolute and shall not in any way be impaired, deferred, or otherwise diminished by reason of any inability of the Authority to claim any amount of such Guaranteed Obligation from Guarantor or Developer or others as a result of bankruptcy or otherwise, including, but not limited to, any limitation on the Authority's claim from Guarantor or Developer or others under section 502(b)(6) of the United States Bankruptcy Code. No election to proceed in one form of action or proceeding, or against any person, or on any obligation, will constitute a waiver of the Authority's right to proceed in any form of action or proceeding or against other persons unless the Authority has expressly waived that right in writing.

4. Representations and Warranties of Guarantor

4.1 Representations and Warranties. Guarantor represents, warrants and covenants that it has full power and authority to execute, deliver and perform its obligations under this Guaranty, and that execution, delivery and performance have been duly authorized by all requisite action on its part.

4.2 Independent Investigation. Guarantor has performed its own independent investigation as to the matters covered by this Guaranty.

5. Termination of Guaranty

5.1 Release/Termination.(a) Partial Release. Upon request by Guarantor and approval by the Authority Director (which approval will not be unreasonably denied), Guarantor's liability under this Guaranty shall be proportionately reduced upon partial satisfaction of the Guaranteed Obligations by an amount equal to the cost of specified components of the Guaranteed Obligations when such components are fulfilled, except to the extent Authority has received notice by Developer in accordance with Section 16.5.4 of the DDA

that the amount of the Guaranty is to be retained by the Authority to the extent necessary to satisfy the requirements for recordation of the Reverter Release.

(b) Termination. Guarantor's liability under this Guaranty shall be terminated, discharged and satisfied, and Guarantor shall be relieved of any and all further obligations under this Guaranty for the Guaranteed Obligations upon the complete satisfaction of the obligation secured thereby, as evidenced by the issuance of Developer's last Certificate of Completion with respect to the Guaranteed Sub-Phase, and payment in full of any then outstanding Reimbursement Amount related thereto in accordance with this Guaranty; provided that (1) if the Authority records the Reversionary Quitclaim Deed with respect to the real property in the Guaranteed Sub-Phase, then this Guaranty shall be terminated as set forth in section 16.5.1(c) of the DDA, and (2) if the Authority terminates this DDA with respect to the Guaranteed Sub-Phase before the issuance of Developer's last Certificate of Completion for that Sub-Phase, then this Guaranty shall be terminated when the Guaranteed Obligations that relate to the period before such termination have been Completed (or, if applicable, upon and in accordance with a final, unappealable judicial determination). Guarantor's liability under this Guaranty shall also be terminated, discharged and satisfied in whole or in applicable part, and Guarantor shall be relieved of any and all further obligations under this Guaranty for all or the applicable part of the Guaranteed Obligations if Developer substitutes this Guaranty, or any portion thereof, with another form of Adequate Security that meets all of the requirements or Approvals needed for it to be Adequate Security as defined in the DDA.

5.2 Evidence of Termination. Following any such termination and upon Guarantor's request, the Authority shall confirm in writing the fact of termination of this Guaranty and promptly return this Guaranty.

6. Notices

(a) A notice or communication under this Guaranty by either Guarantor or the Authority to the other shall be sufficiently given or delivered if given in writing and dispatched by hand, by registered or certified mail, postage prepaid, or by a recognized overnight carrier, such as Federal Express, addressed as follows:

(i) In the case of a notice or communication to the Authority:

Treasure Island Development Authority
c/o Office of Economic and Workforce Development
City Hall, Rm. 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Treasure Island Project Director
Facsimile: 415.554.6018

and

Office of the City Attorney
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate/Finance
Facsimile: 415.554.4755

(ii) And in the case of a notice or communication sent to Guarantor:

[Insert Name and Address of Guarantor]

And to:

[Insert Name and Address of Guarantor's Legal Counsel]

And to:

Treasure Island Community Development, LLC
c/o UST Lennar HW Scala SF Joint Venture
One California Street, Suite 2700
San Francisco, CA 94111
Attn: Kofi Bonner
Facsimile: 415.995.1778

And to: Gibson, Dunn & Crutcher
555 Mission Street, Suite 3000
San Francisco, CA 94105
Attn: Mary G. Murphy
Facsimile: (415) 374-8480

For convenience, copies of notices may also be given by facsimile.

Every notice pursuant to the terms of this Guaranty must be in writing and must state (or must be accompanied by a cover letter that states) substantially the following:

(b) the Section of this Guaranty pursuant to which the notice is given and the action or response required, if any;

(c) if applicable, the period of time within which the recipient of the notice must respond thereto;

(d) if approval is being requested, that it is a "Request for Approval under Guaranty Agreement"; and

(e) if it provides notice of a disapproval or an objection that requires reasonableness, specifically and with particularity the reasons therefor.

Any mailing address or facsimile number may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days before the effective date of the change. All notices under this Guaranty will be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed or delivered by a recognized carrier, on the delivery date or attempted delivery date shown on the return receipt or in the records of such carrier, as applicable. Official or binding notice may not be given by facsimile. The effective time of a notice shall not be affected by the receipt, before receipt of the original, of a facsimile copy of the notice.

7. General Provisions

7.1 Successors and Assigns. This Guaranty will be binding upon, and inure to the benefit of, Guarantor and the Authority and their respective successors, heirs, administrators and assigns.

7.2 Amendments. This Guaranty may be amended or modified only by a written instrument executed by the Authority and Guarantor.

7.3 Waivers. No action taken pursuant to this Guaranty by the Authority shall be deemed to be a waiver by the Authority of Guarantor's compliance with any of the provisions hereof. No waiver by the Authority of any breach of any provision of this Guaranty shall be construed as a waiver by the Authority of any subsequent or different breach. No forbearance by the Authority to seek a remedy for noncompliance hereunder or breach by Guarantor shall be construed as a waiver by the Authority of any right or remedy with respect to such noncompliance or breach.

7.4 Continuation and Survival of Covenants. All covenants by Guarantor contained herein shall be deemed to be material and shall survive any termination of the DDA or portion thereof if the Guaranteed Obligations have arisen and not been satisfied as of the date of any such termination.

7.5 Governing Law; Selection of Forum. This Guaranty shall be governed by and construed in accordance with the laws of the State of California. As part of the consideration for the DDA and the Authority's actions under which the obligation to provide this Guaranty arose, Guarantor agrees that all actions or proceedings arising directly or indirectly under this Guaranty may, at the sole option of the Authority, be litigated in courts located within the State of California, and Guarantor expressly consents to the jurisdiction of any such local, state or federal court, and consents that any service of process in such action or proceeding may be made by personal service upon Guarantor wherever Guarantor may then be located, or by certified or registered mail directed to Guarantor at the address set forth in this Guaranty for the delivery of notices.

7.6 Merger of Prior Agreements. Guarantor and the Authority intend that this Guaranty 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. Guarantor and the Authority further intend that this Guaranty 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 Guaranty.

7.7 Interpretation of Guaranty. Unless otherwise specified, whenever in this Guaranty reference is made to any Section, or any defined term, the reference shall be deemed to refer to the Section or defined term of this Guaranty. Any reference to a Section includes all subsections and subparagraphs of that Section. The use in this Guaranty of the words "including", "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific items or matters, whether or not language of non-limitation, such as "without limitation" or "but not limited to", or words of similar import, is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such statement, term or matter. In the event of a conflict between the Recitals and the remaining provisions of the Guaranty, the remaining provisions shall prevail. Any titles of the several parts and Sections of this Guaranty are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions. The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. References to days, months and years mean calendar days, months and years unless otherwise specified. References to any law, specifically or generally, will mean the law as amended, supplemented or superseded from time to time. The provisions of this Guaranty shall be construed as a whole according to their common meaning and not strictly for or against either Guarantor or the Authority in order to achieve the objectives and purposes of Guarantor and the Authority, regardless of who drafted this Guaranty.

7.8 Attorneys' Fees and Costs. Should either Guarantor or the Authority institute any action or proceeding in court to enforce any provision hereof or for damages by reason of an alleged breach of any provision of this Guaranty, the prevailing party shall be entitled to receive from the losing party court costs incurred by the prevailing party including, without limitation, expert witness fees and costs and expenses, travel time and associated costs; transcript preparation fees and costs; document copying expenses; exhibit preparation costs; carrier expenses and postage and communications expenses; such amount as a court or other decision maker may adjudge to be reasonable attorneys' fees for the services rendered to the prevailing party in such action or proceeding; fees and costs associated with execution upon any judgment or order; and costs on appeal and any collection efforts (the "**Attorneys' Fees and Costs**"). For purposes of this Guaranty, the Attorneys' Fees and Costs shall include the fees and costs of in-house counsel for the City, the Authority and Guarantor based on the fees regularly charged by private attorneys with the equivalent number of years of professional experience in the subject matter area of the law for which the City's, the Authority's or Guarantor's in-house counsel's services were rendered who practice in the City and County of San Francisco in law

firms with approximately the same number of attorneys as employed by the City, the Authority or Guarantor.

7.9 Severability. Invalidation of any provision of this Guaranty, or of its application to any person, by judgment or court order, will not affect any other provision of this Guaranty or its application to any other person or circumstance, and the remaining portions of this Guaranty will continue in full force and effect, unless enforcement of this Guaranty as invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Guaranty.

7.10 Substitute Security. (a) Substitute Security. If at any time during the period this Guaranty is in effect, the Net Worth of Guarantor falls below Fifty Million Dollars ($50,000,000) (the "**Net Worth Requirement**"), or Guarantor causes or allows to occur a Significant Change (as defined in Section 7.10(b) below) (each, a "**Substitute Security Event**"), then Guarantor shall notify the Authority and Developer as soon as reasonably practicable. Upon the occurrence of a Substitute Security Event, Developer is required under Section 26.3 of the DDA to supply the Authority with a substitute guaranty (in the form of this Guaranty), an unconditional letter of credit, or other form of security, in each case: (i) in favor of the Authority; (ii) in form and substance, and issued by persons or entities, reasonably satisfactory to the Authority (including satisfaction of the Net Worth Requirement); (iii) in the amount of one hundred percent (100%) of the Guaranteed Obligations up to the Secured Amount; and (iv) to remain in effect until the Guaranteed Obligations are fulfilled, but will be reduced from time to time, in accordance with the release provisions of Section 5.1(a) above **("Substitute Security")**. If Developer does not supply the Authority with the Substitute Security within the time period required under the DDA, the Authority shall notify Guarantor and Guarantor shall provide such Substitute Security within ten (10) days after the Authority's notice. Failure of the Authority to give notice of Developer's failure to provide the Substitute Security shall not relieve Guarantor of its obligations hereunder. It shall be a default of Guarantor under this Guaranty, and a default of Developer under the terms of the DDA, if Guarantor fails to provide the Substitute Security within ten (10) days after the Authority's notice. The Authority's sole remedy against Guarantor for Guarantor's failure to provide the Substitute Security in the event Developer does not provide it as required under the DDA will be to require Guarantor to specifically perform its obligation to provide the Substitute Security in the Secured Amount and not to seek damages against Guarantor attributable to such failure; however, this limitation on remedies shall apply only to Guarantor's failure to provide the Substitute Security in the event Developer fails to provide the Substitute Security as required under the DDA, not to the Authority's rights to enforce this Guaranty generally, and shall not limit the Authority's rights against Developer under the DDA. Upon the Developer or Guarantor providing the Substitute Security required under this Section 7.11(a),, the Authority shall promptly return this Guaranty.

(b) Significant Change. For purposes of Section 7.10(a) above, "**Significant Change**" means (i) Guarantor files a petition for bankruptcy, or makes a general assignment for the benefit of its creditors, (ii) a receiver is appointed on account of Guarantor's insolvency, (iii) a writ of execution or attachment or any similar process is issued or levied against any bank accounts of Guarantor, or against any property or assets of Guarantor being used or required for

use in the development of the Infrastructure or against any substantial portion of any other property or assets of Guarantor, (iv) a final non-appealable judgment is entered against Guarantor in an amount in excess of ten percent (10%) of Guarantor's Net Worth and Guarantor does not satisfy or bond the judgment within twenty (20) days, or (v) without the consent of Guarantor, an application for relief is filed against Guarantor under any federal or state bankruptcy law, unless the application is dismissed within ninety (90) days.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Guarantor and the Authority, each being duly authorized, have executed and delivered this Guaranty as of the Effective Date.

GUARANTOR:

_____

a _____

By:_____

Name: _____

Title: _____

[SIGNATURES CONTINUE ON NEXT PAGE]

ACCEPTED AND AGREED:

AUTHORITY:

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

By: _____
Name: _____
Title: Deputy City Attorney

TREASURE ISLAND DEVELOPMENT AUTHORITY

By: _____
Name: _____
Title: Executive Director

101106658.3

EXHIBIT Z

Form of Architect's Certificate

DATE:_____

TO: Treasure Island Development Authority
c/o Office of Economic and Workforce Development
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attention: _____

FROM: _____

RE: [Description of Required Improvement] ("Required Improvements")

This Architect's Certificate is being provided pursuant to Section 9.2 of that certain Disposition and Development Agreement, by and between Treasure Island Community Development, LLC, a California limited liability company ("**Developer**"), and the Treasure Island Development Authority, a California nonprofit public benefit corporation (the "**Authority**"), dated for reference purposes as of _____ __, 2011 and recorded in the Official Records of the City and County of San Francisco ("City") on _____, as Document No. _____ at Reel ____, Image ____ (as may be amended from time to time and including all exhibits attachments thereto, the "**DDA**"). The capitalized terms used but not otherwise defined in this Architect's Certificate have the meanings given to them in the DDA.

As Architect of Record for the design and construction of the Required Improvements, I visited the Required Improvements at intervals appropriate to the state of construction, or as otherwise agreed by me and Required Developer, to become generally familiar with the progress and quality of the construction completed and to determine in general if the construction was being performed in a manner indicating that the construction when completed would be in accordance with the Construction Documents approved by **[the City Planning Department] [the Authority]**. I observed the Required Improvements from _____, 20__ to , 20__, and all the statements made below are made as of the date(s) of my observation(s). My opinions and statements provided in this certificate are limited to my on-site inspections. I am not required to make nor have I made exhaustive or continuous on-site inspections of the Required Improvements.

I neither retained nor exercised control over or charge of, nor am I responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the construction of the Required Improvements.

I shall not be responsible for the contractor's schedules or failure to carry out the work in accordance with the Construction Documents. I neither have nor have had control over or charge of acts or omissions of any contractor, subcontractor or their agents or employees, or of any other person performing portions of the construction.

As Architect of Record for the construction of the Required Improvements and subject to the limitations set forth above, I hereby certify to the best of my knowledge, information and belief, in my professional opinion, as follows:

1. I have observed the construction of the Required Improvements on the dates set forth above.

2. The Construction Documents provide for the construction of the Required Improvements in accordance with all applicable laws, including laws relating to accessibility.

3. Construction of the Required Improvements has been performed in a good and work person-like manner and in accordance with the Construction Documents, except as may be noted on Exhibit S-A attached hereto.

4. All work performed and material and fixtures used in connection with the construction of the Required Improvements are in accordance with the Construction Documents, except as may be noted on Exhibit S-A attached hereto.

5. Construction of the Required Improvements has been completed in accordance with all applicable building laws, regulations and ordinances.

6. The required certificates, approvals and permits of all governmental authorities having jurisdiction covering the work to date on the Required Improvements have been issued and are in force, and there is not an undischarged violation of applicable laws, regulations, or orders of any governmental authority having jurisdiction of which I have notice as of the date hereof, except as may be noted on Exhibit S-A attached hereto.

[Architect of Record]

By: _____
Name: _____
Title: _____

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