

**MEMORANDUM OF UNDERSTANDING
FOR THE MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA
BLOCKS 33-34**

THIS MEMORANDUM OF UNDERSTANDING (this "**MOU**"), dated for convenience of reference only as of _____, 2014, is by and between the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body, organized and existing under the laws of the State of California, commonly known as the Office of Community Investment and Infrastructure (together with any successor public agency designed under law, the "**Successor Agency**") and The Regents of the University of California, a California public corporation (the "**Regents**").

The Successor Agency and the Regents are referred to collectively as the "**Parties**." The Parties intend that the City and County of San Francisco, a charter city and county (the "**City**"), shall be a third party beneficiary of this MOU, and that the Primary Developer (as defined in Recital D of this MOU) shall be a third party beneficiary of specified provisions of this MOU. Unless otherwise defined in this MOU, initially capitalized terms shall have the meanings given them in the OPA (as defined in Recital D below). The term "**Agency**" refers to The Redevelopment Agency of the City and County of San Francisco (the "**Former Agency**") before its dissolution and to the Successor Agency on and after such dissolution.

INTRODUCTION

The Regents is under contract with Bay Jacaranda No. 3334, LLC, a Delaware limited liability company (the "**Current Owner**"), to purchase certain privately-owned real property known as Blocks 33 and 34 (Lot 001, Block 8725 (a portion) and Lot 004, Block 8725) located in the Mission Bay South Plan Area (collectively, the "**Blocks 33/34 Expansion Property**") to expand facilities for the University of California, San Francisco ("**UCSF**") in Mission Bay by constructing a project on the Blocks 33/34 Expansion Property that is consistent with the uses allowed under the Redevelopment Plan (as defined in Recital A of this MOU) and the allocation of square footage for the site contemplated by the FSEIR (as defined in Recital A of this MOU). The Successor Agency has determined that the Regents' acquisition of the Blocks 33/34 Expansion Property will provide public benefits to the Successor Agency, the City, and local and regional taxing entities, including (i) a payment for the production of affordable housing in Mission Bay South that exceeds what a private owner would otherwise be required to pay, (ii) acceleration in the completion of the Mission Bay South affordable housing program and in the winding down of the redevelopment project generally, and (iii) the provisions of the other public benefits described in Recital R below.

The Blocks 33/34 Expansion Property is subject to the OPA and to a PILOT Agreement (as such terms are defined below) that are recorded against the property and binding against the Current Owner and generally require that the Current Owner transfer the Blocks 33/34 Expansion Property subject to those agreements. To allow the acquisition of the Blocks 33/34 Expansion Property by the Regents, the Current Owner, the Primary Developer (as defined in Recital D below) and the Regents wish to obtain the Successor Agency's release of the Regents from certain obligations under the OPA and the PILOT Agreement relating to the Blocks 33/34 Expansion Property. Under the State Constitution, the Regents is exempt from local land use

and redevelopment regulations and from local property taxes, where the Regents uses property in furtherance of UCSF's Purposes (as defined below), as it intends to do so here with the Blocks 33/34 Expansion Property.

The Successor Agency is willing to release the Regents from those obligations under the OPA and the PILOT Agreement in consideration of the Regents' agreement (i) to make the Affordable Housing Payment described in Section 1 of this MOU, which exceeds the tax increment that the Successor Agency would have received from the Blocks 33/34 Expansion Property if the Blocks 33/34 Expansion Property were owned and developed by a taxable entity, (ii) to make the Infrastructure Payment described in Section 2.1 of this MOU, (iii) to pay the Special Taxes under the Community Facility Districts ("**CFDs**") that the Blocks 33/34 Expansion Property is part of, (iv) to abide by certain requirements under the Redevelopment Plan in developing the Blocks 33/34 Expansion Property, (v) to work cooperatively with the Successor Agency and the City regarding land use and planning issues on the Blocks 33/34 Expansion Property to assure that the mutual interests of the Regents, the Successor Agency and the City are addressed, all as more particularly set forth in this MOU.

To the extent required by applicable law, this MOU and the acquisition of the Blocks 33/34 Expansion Parcels are conditioned, among other things, on the execution and delivery of the Fifth OPA Amendment (as defined in Recital D below), the consent to the OPA Amendment by the Regents and City, the execution and delivery of the OPA Covenant, as defined in Recital U of this MOU, and on the approval of this MOU, the OPA Amendment and related agreements by the Commission of the Successor Agency, the City's Board of Supervisors, the Oversight Board (as defined below), the Regents, and the State Department of Finance, each in its sole discretion.

RECITALS

This MOU is made with reference to the following facts and circumstances:

A. In accordance with the Community Redevelopment Law of California (Health & Safety Code Section 33000 *et seq.*), the City, acting through its Board of Supervisors and Mayor, approved a Redevelopment Plan for the Mission Bay South Redevelopment Project by Ordinance No. 335-98, adopted on November 2, 1998 (the "**Original Redevelopment Plan**"). The Original Redevelopment Plan was recorded in the Official Records of San Francisco County (the "**Official Records**") on November 18, 1998 as Instrument No. 98-G470337 and a certificate of correction was recorded in the Official Records on January 20, 1999 as Instrument No. 99-G501704. The Original Redevelopment Plan was amended by Board of Supervisors Ordinance No. 143-13, adopted on July 11, 2013. The Original Redevelopment Plan, as so corrected and amended and as it may be further amended from time to time, is referred to as the "**Redevelopment Plan**" or the "**Plan**". In partnership with the City under the Mission Bay South Interagency Cooperation Agreement, dated as of November 16, 1998 (the "**Interagency Cooperation Agreement**"), the Successor Agency is in the process of implementing the Redevelopment Plan, which is producing substantial public and economic benefits to the City. The Redevelopment Plan provides for the redevelopment, rehabilitation and revitalization of the area generally bounded by Seventh Street, Mariposa Street, relocated Terry Francois Boulevard and China Basin Channel and containing approximately 238 acres of land, as shown on the Land

Use Plan attached as Attachment 1 (the "**Plan Area**"). In conjunction with approving the Redevelopment Plan, the City and the Former Agency certified the 1998 Mission Bay Final Subsequent Environmental Impact Report ("**FSEIR**"), and adopted findings and a mitigation monitoring and reporting program in compliance with the California Environmental Quality Act ("**CEQA**"). The FSEIR included environmental analysis of principally permitted uses on the Blocks 33/34 Expansion Property.

B. The Redevelopment Plan, together with the related Redevelopment Plan for the Mission Bay North Redevelopment Project, describes a mixed-use development that will contain up to approximately 6,440 housing units north and south of Mission Creek. The units consist of market rate and affordable units, both rental and for sale. The Redevelopment Plan's affordable housing program represents nearly twice the number of affordable units required by redevelopment law. The Plan Area also includes an approximately 43-acre biomedical research and educational campus site for UCSF (the "**Campus Site**"), as well as other land uses designated for private development, including retail space, a mix of research and development space, light manufacturing and other commercial space suitable for biotechnology users, and a hotel. The Redevelopment Plan also contemplates development of about 49 acres of public open space, public facilities, including a school and police/fire station, and other public amenities.

C. The Redevelopment Plan contemplates that the Regents will work cooperatively with the Agency regarding land use and planning issues in the Campus Site, to assure that the mutual interests of the Regents and the Agency are addressed. But the Redevelopment Plan also acknowledges that because the Regents is exempt under Article IX, Section 9 of the State Constitution from local planning, zoning and redevelopment regulations when using its property in furtherance of its educational purposes, the property used by UCSF for educational purposes would not be subject to the actions of the Agency to implement the Redevelopment Plan, except for the portions of the Campus Site developed either as a location for a future public school or public open space, dedicated as public streets. In addition to the provisions of the Redevelopment Plan calling for cooperation between the Regents and the Agency, the Regents and the City have a long-standing memorandum of understanding, dated as of February 17, 1987 (the "**1987 MOU**"), regarding communication and oversight of the Regents' master planning, construction and real estate use for UCSF. The 1987 MOU provides for collaboration between the Regents and the City's Planning Department in land use decisions made by the Regents.

D. To implement the Redevelopment Plan, the Former Agency entered into that certain Mission Bay South Owner Participation Agreement dated as of November 16, 1998 (the "**Original OPA**") with Catellus Development Corporation, a Delaware corporation ("**CDC**"). The Original OPA was amended four times, by (i) a First Amendment to Mission Bay South Owner Participation Agreement (the "**First OPA Amendment**") dated as of February 17, 2004, between Former Agency and Catellus Land and Development Corporation, a Delaware corporation ("**CLDC**"), successor in all of CDC's rights and obligations under the Original OPA, (ii) a Second Amendment to Mission Bay South Owner Participation Agreement (the "**Second OPA Amendment**") dated as of November 1, 2005, between Former Agency, CLDC, and FOCIL-MB, LLC ("**FOCIL**"), successor in interest to all of CLDC's rights and obligations under the Original OPA, as amended by the First OPA Amendment, (iii) a Third Amendment to Mission Bay South Owner Participation Agreement (the "**Third OPA Amendment**") dated as of May 21, 2013, between Successor Agency and FOCIL, and (iv) a Fourth Amendment to Mission

Bay South Owner Participation Agreement (the "**Fourth OPA Amendment**") dated as of June 4, 2013, between Successor Agency and FOCIL. In connection with this MOU, the Successor Agency and FOCIL are concurrently entering into that certain Fifth Amendment to Mission Bay South Owner Participation Agreement (the "**Fifth OPA Amendment**"). The Original OPA, as amended, shall be referred to in this MOU as the "**OPA**." All references to "**Catellus**" mean CDC, or its affiliates succeeding to its obligations under the OPA (including CLDC), as appropriate, and all references to the "**Primary Developer**" mean from the date of the OPA to November 22, 2004, Catellus, and on and after November 22, 2004, FOCIL and its successors with obligations under the OPA to construct Infrastructure.

E. On February 1, 2012, the Former Agency was dissolved under the provisions of California State Assembly Bill No. IX 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("**AB 26**"), codified in relevant part in California's Health and Safety Code Sections 34161 – 34168 and upheld by the California Supreme Court in *California Redevelopment Assoc. v. Matosantos*, No. S194861 (Dec. 29, 2011). AB 26 was subsequently amended in part by California State Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("**AB 1484**") and California State Assembly Bill No. 471 (2014) ("**AB 471**") (together, AB 26, AB 1484 and AB 471, together with any later amendments, are referred to as the "**Redevelopment Dissolution Law**").

F. All of the Former Agency's assets and obligations (with the exception of certain housing assets) were transferred to the Successor Agency. Accordingly, the Successor Agency assumed the benefits and obligations under the OPA, which remains in effect. Under the Redevelopment Dissolution Law, a successor agency has the continuing obligation, subject to certain review by an oversight board (the "**Oversight Board**") and the State of California's Department of Finance ("**DOF**"), to implement "enforceable obligations" that were in place before the suspension of such redevelopment agency's activities on June 28, 2011, the date that AB 26 was approved. Here, the OPA meets the definition of "enforceable obligations" under Redevelopment Dissolution Law. On January 24, 2014, DOF made a Final and Conclusive Determination approving the Mission Bay North and South Redevelopment Project enforceable obligations, including the OPA, the Interagency Cooperation Agreement, the Pledge Agreement (defined below) and other Plan Documents (as defined in the OPA). Under Redevelopment Dissolution Law, successor agencies may modify agreements with private parties if the successor agency's oversight board determines that the modification is in the best interests of the taxing agencies (i.e., the local and regional agencies that would benefit from property tax distributions from the redevelopment project area), and the DOF approves such oversight board's action.

G. The OPA requires the Primary Developer to construct the public infrastructure directly related to each of the major phases of development under the Redevelopment Plan in accordance with the incremental build-out of each project. Under the OPA and related Mission Bay South Tax Increment Allocation Pledge Agreement, dated as of November 16, 1998, between the Former Agency and the City (the "**Pledge Agreement**"), the Successor Agency is obligated to fund, repay or reimburse the Primary Developer, subject to certain conditions, for the direct and indirect costs of constructing the Infrastructure through (i) special taxes or bonds secured by special taxes levied on the Primary Developer's property under a CFD, (ii) payment of net available property tax increment generated within the Plan Area or tax allocation bonds issued and secured by such increment, or (iii) a combination of the foregoing, to the extent such

tax revenues are available to the Successor Agency. The Former Agency established a CFD for Infrastructure in the Plan Area. As contemplated under the OPA, the Former Agency also established a separate CFD to pay the costs of maintaining the public open space in the Plan Area and in Mission Bay North.

H. Under the Pledge Agreement, approximately 20% of the total property tax increment (plus certain excess tax increment) generated by development in the Plan Area is contractually dedicated to develop affordable housing units on parcels that the Primary Developer will contribute to the Successor Agency, to implement the affordable housing program contemplated by the Redevelopment Plan and required under the OPA and other Plan Documents.

I. An exemption (in whole or in part) from property taxes for property within the Plan Area reduces the amount of tax increment generated by such property, and could impair the Successor Agency's ability to increase, improve and preserve affordable housing and to reimburse the Primary Developer with available tax increment for Infrastructure costs, all potentially impeding or delaying the completion of the Redevelopment Plan.

J. In January 1997, the Regents adopted UCSF's current Long Range Development Plan ("**LRDP**"), which describes plans for UCSF's physical facilities over a 15-year horizon, including the major new Campus Site in Mission Bay South. The Regents amended the LRDP in January 2002, by LRDP Amendment #1, to incorporate housing as a use at the Campus Site. The amended LRDP contemplates approximately 2,650,000 square feet of UCSF facilities and housing for UCSF staff and students at the Campus Site. This amendment was analyzed in the LRDP Amendment No. 1, Mission Bay Housing Program, Supplemental EIR (LRDP SEIR). In January 2005, the Regents approved Amendment No. 2 to the LRDP, establishing Mission Bay as the location for expansion of UCSF's clinical activities, including a new hospital, associated outpatient clinics, and parking. LRDP Amendment No. 2, Hospital Replacement Program, Final Environmental Impact Report analyzed two potential hospital program sites at Mission Bay. In September 2008, the Regents approved Amendment No. 3 to the LRDP to expand the boundary of the Mission Bay campus site to include the 14.52-acre Mission Bay South site, adopt changes to the functional zone map for the Mission Bay site, expand the space program profile to include the Medical Center program, and update LRDP Chapter 6, Major New Site at Mission Bay, to describe the expansion of the existing Mission Bay campus site and the designated use of the expanded site for clinical care. The amendment was analyzed in the UCSF Medical Center at Mission Bay EIR which was certified by the Regents in 2008. These prior analyses by the Regents did not include analysis of development on the Blocks 33/34 Expansion Property.

K. In 1998, in connection with the City's adoption of the Redevelopment Plan and the State's adoption of special legislation to provide for an exchange of public trust lands, the City and Catellus agreed to convey the 43-acre Campus Site contemplated by the Redevelopment Plan, at no land cost, to the Regents to (1) facilitate approval of an exchange of public trust lands to allow the Redevelopment Plan to be realized, (2) induce the Regents to develop the Campus Site as UCSF's major new campus, and (3) attract biotechnology and compatible uses on the private parcels designated for commercial development in the rest of the Plan Area. The Campus Site is not subject to the OPA. Development of the Campus Site by the Regents is well underway with over 1,900,000 square feet already developed, and the Regents is currently

preparing and undertaking environmental review under CEQA of its next LRDP for UCSF. The LRDP proposes an increase in the development entitlement of the Campus Site from 2,650,000 square feet to approximately 3,642,000 square feet.

L. Following acquisition of the Campus Site, the Regents acquired Blocks 36 – 39 and X3 of the Plan Area (collectively, the "**Hospital Expansion Parcels**"). The Regents has commenced development of a 289-bed integrated specialty Children's, Women's and Cancer hospital on the Hospital Expansion Parcels, together with ambulatory and support facilities, and plans to fully build-out the entitlement available for the Hospital Expansion Parcels in the future with an additional 261 hospital beds (for a total of 550 beds) and additional ambulatory and support facilities. To date, the Regents has been working collaboratively with Successor Agency and City staff on designing the hospital facilities, as required by the 2010 MOU, as defined in Recital X below.

M. In furtherance of its LRDP, the Regents now needs to address a number of challenges regarding its current and future growth in San Francisco, including the need to acquire additional space and/or entitlements to accommodate such planned growth. UCSF's growth plans contemplate, among other matters, a consolidation of activities and operations from certain other sites throughout San Francisco to one or more of its major campus sites, including the Mission Bay Campus Site. An expansion of UCSF facilities into the Blocks 33/34 Expansion Property would facilitate such consolidation and relocation, help the Regents accommodate the future growth of UCSF in San Francisco and specifically in the Plan Area, and free up other sites outside of the Plan Area in San Francisco for possible future private use and development that would generate property taxes for the City and other taxing agencies.

N. In 2010, in addition to being subject to the Redevelopment Plan and the related Plan Documents, the Blocks 33/34 Expansion Property became subject to a Tax Payment Agreement [Mission Bay South – Land Use Blocks 33 and 34] dated August 20, 2010, and recorded in the Official Records on September 22, 2010 as Instrument Number 2010J053675 (the "**PILOT Agreement**"). The PILOT Agreement requires any Tax Exempt Entity (as defined in the PILOT Agreement), such as the Regents, that acquires the Blocks 33/34 Expansion Property to (i) pay special taxes assessed by any CFD and (ii) make certain payments in lieu of taxes ("**PILOT Payments**") to the Successor Agency for each tax fiscal year after such acquisition. The PILOT Agreement was intended to effectuate the provisions of Section 14.7 of the OPA and, to minimize the adverse financial impact on completion of the projects under the Redevelopment Plan that could result from any future claim of an exemption from property taxes for the Blocks 33/34 Expansion Property and certain other property within the Plan Area on the implementation of the Redevelopment Plan, and specifically on the Successor Agency's ability to increase, improve and preserve affordable housing and to reimburse the Primary Developer for infrastructure costs. The required PILOT Payments do not duplicate the amount of tax increment that the Successor Agency would receive from a non-tax exempt entity under the Pledge Agreement. The City and the Successor Agency are intended third-party beneficiaries of the PILOT Agreement. The Successor Agency does not have the right, without the written approval of the Primary Developer, to waive or modify provisions obligating Tax Exempt Entities to make PILOT Payments, nor does the Primary Developer, or its transferee, have the right to transfer property to a tax-exempt entity free of the PILOT Agreement without the consent of the

Successor Agency and the City under the OPA. This MOU is being entered into in compliance with the Successor Agency's obligations under the OPA.

O. In its LRDP, the Regents recognizes as one of its goals and objectives that UCSF mitigate the adverse economic impacts of its development in Mission Bay and elsewhere in San Francisco on both the cost and availability of housing. In connection with the acquisition and development of the Blocks 33/34 Expansion Property, the Regents is willing to make significant contributions to affordable housing in the Plan Area, to public Infrastructure (i.e., public streets and utilities, as further defined in the South OPA) bordering the Blocks 33/34 Expansion Property, and to a park maintenance fund for the Plan Area. But, the Regents is not willing to purchase the Blocks 33/34 Expansion Property and expand its facilities in Mission Bay South if such purchase would require the Regents to make PILOT Payments to Successor Agency or otherwise be bound by the PILOT Agreement. Under Section 1.3 of the 2010 MOU described in Recital X below, which pre-dated the PILOT Agreement, the Successor Agency, the City and the Regents committed to negotiate in good faith appropriate arrangements for the Regents to address the housing demand generated by UCSF's proposed development on private parcels to be acquired by the Regents in the future. The Parties have endeavored to reach a mutually satisfactory arrangement that (1) addresses the housing demand that will be generated by the Regents development on the Blocks 33/34 Expansion Property, (2) provides the Successor Agency with a level of benefits for affordable housing and Infrastructure for the Plan Area that is superior to the benefit that would be realized under Section 14.7 of the amended OPA, and (3) is in the best interest of the local and regional taxing agencies, as required for Oversight Board approval of an amendment to the OPA.

P. The Parties have agreed that, unlike the housing construction obligations undertaken by the Regents in the 2010 MOU (as defined in Recital X below), the best mechanism to satisfy the objectives stated in Recital O, above, is for the Regents to make a one time, up-front lump sum payment to the Successor Agency in the amount of the Affordable Housing Payment described below for the purpose of developing affordable housing in the Plan Area. The Regents' payment of an up-front lump sum Affordable Housing Payment is a substantial public benefit for the Successor Agency and the taxing entities, since it provides immediately available funds for the development of critically needed affordable housing. When taken together with the other payments that the Regents will make for Infrastructure costs and CFDs, as described below, an up-front payment is in the best interest of the taxing agencies since the up-front payment is anticipated to help accelerate the date on which the Successor Agency will complete its enforceable obligations in the Plan Area and wind down the project under the Redevelopment Plan.

Q. An expansion of UCSF facilities in the Plan Area will allow UCSF to consolidate some of its operations by relocating certain of its functions and employees from other UCSF locations in San Francisco into the Blocks 33/34 Expansion Property. Such relocation by UCSF could result in these other sites outside of the Plan Area being returned to the City tax rolls through tax paying uses and development on such other parcels that would, in turn, generate new General Fund revenues to the City and tax revenues for the other taxing agencies.

R. An expansion of UCSF facilities in Mission Bay South will generate other significant public benefits, including, but not limited to, fostering the public benefits that UCSF now provides to the City:

- (a) The expansion will generate jobs and other substantial economic and public benefits for the City. UCSF is one of San Francisco's largest employers, with a paid workforce of approximately 22,500 employees working in San Francisco and contributing to the San Francisco economy.
- (b) UCSF's world-renowned hospital, biomedical research facilities and medical, dental, pharmacy and nursing schools contribute invaluable benefits to San Francisco residents and to the entire Bay Area and the State of California.
- (c) UCSF contributes over \$60 million annually in direct sales spending in San Francisco and, taking into account the multiplier effects of UCSF's spending and wage impacts, adds about \$700 million per year into the San Francisco economy.
- (d) UCSF provides a diverse range of superior quality education and health services, by way of patient care at its two medical centers at Parnassus Heights and Mount Zion, and through staffing of the San Francisco General Hospital ("**SFGH**") and the Veterans Administration Medical Center. The future hospital and facilities being erected on the Hospital Expansion Parcels will provide public benefits for decades to come.
- (e) UCSF's commitment to the residents of San Francisco has also been demonstrated through community service and volunteer programs, including health care services for the homeless, dental services at the Buchanan Dental Center, the Science and Health Education Partnership (SEP) program with the San Francisco Unified School District, the UCSF Kayaking Program and related scholarships, and a variety of other community service programs.
- (f) UCSF also operates programs that focus on increased employment opportunities and access for residents of neighborhoods in the southeastern portion of the City and particularly in neighborhoods bordering the Campus Site. One such example is UCSF's EXCEL (Excellence through Community Engagement and Learning) Program which is a work-based learning program that uses both classroom and on-the-job training to prepare participants for career path jobs in the health care sector. All participants in the EXCEL program are low-income, some have been homeless and most are from underserved neighborhoods in San Francisco.
- (g) UCSF has been a frequent supporter of the preservation and improvement of open space within Mission Bay and surrounding neighborhoods and has

made financial contributions to community based non-profit organizations that create and improve open space, including, without limitation, the Friends of Espirit Park, the Greentrust Central Waterfront, Blue Greenway (SF Parks Alliance) and Pennsylvania Street Gardens.

- (h) For the past 7 years, UCSF has provided annual subsidies to various neighborhood organizations in order to allow them to access and use UCSF's facilities for events, meetings, receptions, conferences or retreats that provide direct benefits to the various neighborhoods of the City and County of San Francisco.
- (i) The City has adopted a number of policies to promote biotechnology in San Francisco, and UCSF, the City and the Successor Agency are committed to facilitating the development of commercial biotechnology uses on the privately owned parcels in the Plan Area and establishing San Francisco in general and Mission Bay in particular as a major international biotechnology hub. An expansion of UCSF facilities in Mission Bay may accelerate private development elsewhere in Mission Bay, including biotechnology uses, and serve as an engine for other development, thereby increasing tax increment beyond what otherwise might have been produced from those parcels and producing additional tax revenues both inside and outside Mission Bay.
- (j) UCSF has already invested over \$2 billion on projects completed or underway on the Campus Site and Hospital Expansion Parcels within the Plan Area. UCSF has completed or is underway with construction of over 3,060,000 square feet of research, educational, clinical, residential and support facilities in the Plan Area. This includes a 430-rental unit project on Block 20 within the Campus Site, an over \$110 million investment. UCSF offers those units at below market rents to its students and postdoctoral scholars. Also, UCSF has built a childcare center for its employees as part of its development of the Campus Site. Finally, as indicated above, UCSF is in the process of developing state of the art medical facilities on the Hospital Expansion Parcels.

S. The Redevelopment Plan designates the Blocks 33/34 Expansion Property for commercial and industrial development, and allows commercial, industrial, office and neighborhood serving retail uses, as principally permitted uses, and provides for public structures of a nonindustrial character and clinical uses, among other uses, as permitted secondary uses. Secondary uses are subject to approval by the Executive Director of the Successor Agency ("**Executive Director**"), in accordance with criteria set forth in Section 302 of the Redevelopment Plan, following additional CEQA review as necessary. Under Section 302, secondary uses shall be permitted provided that they generally conform with the Redevelopment Plan and are determined by the Executive Director to make a positive contribution to the character of the Plan area based on finding that the size and intensity contemplated and proposed location, will provide a development that is necessary or desirable for, and compatible with, the neighborhood or the community.

T. The Regents proposes to use the Blocks 33/34 Expansion Property for the expansion of the Campus Site. While the Regents has not identified the final use of the Blocks 33/34 Expansion Property, the Regents is purchasing from the Current Owner the right to construct 500,000 gross square feet of development, all parking spaces allocable to the Blocks 33/34 Expansion Property under the Plan Documents (which may not exceed 1.0 parking spaces for each 1,000 square feet of gross floor area) one tower up to 160-feet in height and with a tower floor plate of up to 20,000 square feet within the Tower Height (as such term is defined in the South Design for Development), and all of Current Owner's rights with respect to the public infrastructure serving the Blocks 33/34 Expansion Property to be constructed by Primary Developer, which rights are being modified by and between the Regents and FOCIL pursuant to the terms of the Infrastructure Agreement (as defined in Section 2.1 below). The Regents proposes to develop the project consistent with the rights to construct purchased from the Current Owner and with office, research and retail uses, which are principal uses permitted in the Commercial Industrial land use district under the Redevelopment Plan. In connection with the Successor Agency's approval of this MOU, the Successor Agency has determined under Section 302 of the Redevelopment Plan that the proposed uses for the Blocks 33/34 Expansion Property are consistent with the designated land uses of the Redevelopment Plan. The Regents will not construct any secondary uses, such as clinics for outpatient care, as defined in the Redevelopment Plan for the Commercial Industrial land use district of the Redevelopment Plan without Executive Director approval in accordance with Section 302 of the Redevelopment Plan, following additional CEQA review as necessary, nor will it develop the site with a use that is not consistent with the Redevelopment Plan. Nothing in this Recital is intended to limit Section 4 of this MOU.

U. In connection with development of its facilities, the Regents has agreed to pay the Primary Developer a share of the costs of Infrastructure required for development of the Blocks 33/34 Expansion Property, which the Primary Developer will construct, all pursuant to the terms and conditions of the separate Infrastructure Agreement (defined in Section 2 below) between the Regents and Primary Developer. The Regents has also acknowledged and confirmed, as provided in the Fifth OPA Amendment and in that certain Release Agreement and Covenant Regarding Assumption of the Mission Bay South Owner Participation Agreement of even date herewith among Current Owner, the Regents and Successor Agency (the "**OPA Covenant**"), that the Blocks 33/34 Expansion Property shall remain subject to the CFDs that have been established for Infrastructure and open space maintenance.

V. The OPA provides that as a condition to any Transfer, the transferor must obtain the agreement of the transferee to assume all of the transferor obligations under the OPA with respect to the transferred parcels. In consideration of the public benefits that will flow to the Successor Agency and the City from the transactions contemplated in this MOU and the Fifth OPA Amendment and OPA Covenant, the Successor Agency is willing to waive the requirement that the Regents assume all such obligations with respect to the proposed Transfer of the Blocks 33/34 Expansion Property to the Regents, and is willing to consent to the Transfer and agree to release Current Owner from its obligations under the OPA with respect to the Blocks 33/34 Expansion Property, subject to the terms and conditions set forth in this MOU and the other Consent to Transfer Agreements.

W. As previously mentioned, the Regents is exempt under the State Constitution from property taxes to the extent it uses property under its control in furtherance of its educational mission. A portion of such property tax, and in the case of the Blocks 33/34 Expansion Property, a portion of the PILOT Payments that otherwise are required under Section 14.7 of the OPA and the PILOT Agreement, are dedicated to reimbursing costs of the construction of public Infrastructure in the Plan Area and to development of affordable housing in the Plan Area. The Regents' contribution toward the required Infrastructure costs will offset a large portion of the property tax payments or PILOT Payments that would have been used to reimburse costs of the construction of such public Infrastructure. Also, the Regents has agreed to pay assessments on the Blocks 33/34 Expansion Property to pay its pro rata share of the principal and interest for Mello Roos Bonds issued by the CFDs. Finally, the Regents has agreed to pay the Affordable Housing Payment (as defined below), which exceeds the amount of tax increment for affordable housing development in the Plan Area that the Successor Agency would have received based on development by a private entity. The payments to be made by the Regents that are described in this Recital W are being made in satisfaction of certain existing contractual obligations that run with the Blocks 33/34 Expansion Property, and not as gifts.

X. As previously mentioned, under the State Constitution the Regents is exempt from local land use and redevelopment regulations where the Regents uses property under its control in furtherance of its educational mission. As of March 2, 2010, the Former Agency, the City and the Regents entered into that certain Expansion of UCSF Facilities in the Mission Bay South Redevelopment Project Area (Blocks 36-39 and X3) Amended and Restated Memorandum of Understanding (the "**2010 MOU**") which, among other things, set forth a framework for the Regents' obligations (including financial and development-related obligations) to the Successor Agency and the City with respect to both the Regents' development of the Hospital Expansion Parcels as well as a possible framework for any additional property the Regents might acquire in the Plan Area. Recital EE and other provisions of the 2010 MOU expressly contemplated that the Regents might consider acquiring other private parcels in the Plan Area, which additional parcels were referred to as "**Other Possible Expansion Parcels.**" The Parties agreed in the 2010 MOU that they would negotiate, in good faith, agreements for the Regents to address the Regents' obligations to the Successor Agency and the City with respect to Other Possible Expansion Parcels. The Parties agreed that these agreements would be based in principle on the terms and conditions provided for in the 2010 MOU. Accordingly, the Parties have agreed to certain terms and conditions related to the Regents' design and development of the Blocks 33/34 Expansion Property, based in principle on the terms and conditions provided for in the 2010 MOU, as set forth below in this MOU.

Y. On _____, 2014, the Successor Agency took several actions related to proposed UCSF expansion facilities on the Blocks 33/34 Expansion Property. These actions included the approval of this MOU, per Agency Resolution No. _____, and the authorization of the Fifth OPA Amendment and the OPA Covenant, per Agency Resolution No. _____.

Z. The Successor Agency Commission's approval of the Fifth OPA Amendment will be conditioned on approval by the Oversight Board and DOF, and will also be conditioned on the approval by the San Francisco Board of Supervisors, acting as the legislative body of the Successor Agency, since the Fifth OPA Amendment is considered a material change to the

Mission Bay housing program. Further, since the City's consent is required under the OPA for any transfers that are not subject to a PILOT Agreement, the Successor Agency Commission's approval of the OPA Covenant will also be conditioned on the approval by the San Francisco Board of Supervisors, acting as the governing body of the City.

AGREEMENT

ACCORDINGLY, in light of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

1. UCSF Affordable Housing Payment for Blocks 33/34 Expansion Property.

1.1 Affordable Housing Payment. The Regents agrees to pay the Successor Agency Ten Million Two Hundred Thousand Dollars (\$10,200,000) (the "**Affordable Housing Payment**") in immediately available funds at the time of the recordation of a deed from Current Owner conveying the Blocks 33/34 Expansion Property to the Regents. Such payment shall be made by wire transfer through the escrow used to transfer title of the Blocks 33-34 Expansion Property to the Regents or such other escrow account as may be established by the Parties.

1.2 Payment in Furtherance of Completing the Redevelopment Plan. The Parties acknowledge and agree that the Affordable Housing Payment will help address the impacts of the Regents' proposed development of the Blocks 33/34 Expansion Property and satisfy the objectives of the Successor Agency and the City under the Housing Program for Mission Bay, as outlined in Attachment C to the OPA (the "**Housing Program**") and the Redevelopment Plan. Together with payments to Primary Developer under the Infrastructure Agreement described below, the Affordable Housing Payment will provide the Successor Agency with a level of benefits for affordable housing and Infrastructure for the Plan Area that is superior to the benefits that the Successor Agency would realize if the Blocks 33/34 Expansion Property were to be privately developed, and is in the best interests of City and the other taxing agencies in winding down the redevelopment project as quickly as possible. The Parties hereby acknowledge and agree that (i) both the Affordable Housing Payment and the Infrastructure Payment are payments that are being made by the Regents in satisfaction of certain existing contractual obligations that run with the Blocks 33/34 Expansion Property; and (ii) as is further provided under Section 3.4.5 hereof, no increase, decrease, reimbursement or other adjustment shall be made to the amount of the Affordable Housing Payment in the event of any future reallocation of entitlements for the Blocks 33/34 Expansion Property as long as the future reallocation of entitlements is made consistent with Section 3.4.3.

2. Public Infrastructure.

2.1 Payment for Infrastructure Costs. The Regents has agreed to pay the Primary Developer, in lieu of the PILOT Payments and in addition to the Affordable Housing Payment, a share of the costs of Infrastructure required for development of the Blocks 33/34 Expansion Property, which the Primary Developer will construct, under a separate agreement between the Regents and FOCIL (the "**Infrastructure Agreement**"). The Infrastructure Agreement obligates the Regents to pay the Primary Developer Twenty One Million Nine Hundred Thousand Dollars (\$21,900,000) (the "**Infrastructure Payment**") in immediately

available funds under the terms and conditions set forth in the Infrastructure Agreement and obligates the Regents to make other payments and to perform other actions as more specifically set forth in the Infrastructure Agreement.

2.2 Payment in Furtherance of Completing the Redevelopment Plan. The Parties acknowledge and agree that the Infrastructure Payment is a reasonable estimate of the tax increment that would have been available to the Primary Developer to pay for construction of Infrastructure in the South Plan Area under the OPA if the Blocks 33/34 Expansion Property were privately developed. The Regents acknowledges and agrees that it does not have any right to receive any reimbursement from the Successor Agency from tax increment or any other source for the costs of any Infrastructure built for the Blocks 33/34 Expansion Property. The Infrastructure shall be constructed in compliance with (i) the Mission Bay South Infrastructure Plan (as it may be amended in accordance with its terms and consistent with the Interagency Cooperation Agreement, the "**Infrastructure Plan**"), which is part of the OPA and (ii) the Mission Bay South Streetscape Plan as approved by the Agency Commission on October 3, 2006 under Successor Agency Commission Resolution No. 137-2006, or as the same may be reasonably amended by the Agency Commission to accommodate technical considerations.

2.3 No Changes to the Infrastructure Plan. The current proposed project for the Blocks 33/34 Expansion Property will not require any amendment (as defined in the Interagency Cooperation Agreement) to the Infrastructure Plan. The Infrastructure Agreement provides that if development of the Blocks 33/34 Expansion Property by the Regents requires any increase in the sizing of the Infrastructure, any acceleration in the phasing of the Infrastructure, any other modification of what was otherwise required under the Mission Bay South Infrastructure Plan, or any new or modified mitigation measures beyond those identified in the OPA with respect to Infrastructure, such changes shall not result in any cost to the Primary Developer, City or Successor Agency.

2.4 No Access to Tax Increment. The Regents acknowledges and agrees that (i) it does not have any right to receive any reimbursement from the Successor Agency from tax increment or any other source for the costs of any Infrastructure constructed for the Blocks 33/34 Expansion Property and (ii) there will be no access to Available Tax Increment (as defined in the OPA), CFDs, or other funding sources to finance or reimburse any such additional costs.

2.5 Mitigation Measures. Without limiting Section 2.1 above, neither the Successor Agency nor the City will be responsible for the cost of implementing any mitigation measures, relating to Infrastructure or development of the project on the Blocks 33/34 Expansion Property, that are required by the FSEIR, or any future environmental documents prepared by or on behalf of the Regents under CEQA to address any impacts of the Regents' proposed development of the Blocks 33/34 Expansion Property.

2.6 Special Taxes under CFDs. The Former Agency established Community Facilities District No. 5, Mission Bay Maintenance District (the "**Maintenance District**") and authorized the levy of a special tax in the Maintenance District to pay the cost of ongoing maintenance of parks and open space within the Plan Area, as well as Mission Bay North. The special tax for the Maintenance District is calculated and levied under the Rate and Method of Apportionment dated December 21, 1999. Also, the Former Agency established Community

Facilities District No. 6, Mission Bay South Public Improvements District (the "**Infrastructure District**") and authorized the levy of a special tax in the Infrastructure District to pay the capital cost of Infrastructure within the Plan Area. The special tax for the Infrastructure District is calculated and levied under the Rate and Method of Apportionment dated January 5, 2000. The special taxes under the Maintenance District and the Infrastructure District originally applied to all property in the Plan Area, including the Blocks 33/34 Expansion Property, except for Agency Affordable Housing Parcels, public open space parcels, City-owned streets and public facilities, the Campus Site and Parcels X2, X3 and X4, though X2 and X4 subsequently agreed to be annexed into the Maintenance District. Upon Current Owner's Transfer of the Blocks 33/34 Expansion Property to the Regents, then, consistent with Section 53317.3 of the California Government Code, the special taxes levied under the Maintenance District and the Infrastructure District continue to be levied on the Blocks 33/34 Expansion Property and are enforceable against the Regents, and the Regents shall pay those taxes as and when they become due.

2.7 Capital Facilities Fees for Public Utilities. The Regents acknowledges that the City, including its Public Utilities Commission, may impose charges for capital expenses, including debt service costs, for existing and new capital facilities serving UCSF facilities so long as the City imposes such charges on a non-discriminatory basis. Those charges may be imposed through monthly volumetric service fees. Subject to the condition set forth in the next sentence, the Regents also acknowledges that the City, including its Public Utilities Commission, may impose new capacity fees for water or sewer service, or any other public utility service operated by the City, to serve new facilities developed by the Regents. Consistent with California Government Code Section 54999.3(b), the Regents agrees to pay any fees so imposed, and any periodic increases in such fees, for any City public utility services that the Regents receives for any of its facilities, whether in the Blocks 33/34 Expansion Property, elsewhere in the Plan Area or at any other location in San Francisco, provided that the City imposes such fees on a non-discriminatory basis.

2.8 Books and Records. The Successor Agency shall maintain at its offices in San Francisco books and records showing its calculation of the amounts that the Successor Agency reimburses the Primary Developer for the cost of the Infrastructure under the OPA and the levy of the taxes on the Blocks 33/34 Expansion Property under the CFDs. The Regents, at its expense, shall have the right to examine such books and records or cause such books and records to be audited by an independent certified public accountant at any time during the Successor Agency's normal business hours and upon reasonable prior written notice.

3. Development of Blocks 33/34 Expansion Property.

3.1 Confirmation of Rights Transferred. The Regents is purchasing from the Current Owner the right to construct up to 500,000 gross square feet of development, all parking spaces allocable to the Blocks 33/34 Expansion Property under the Plan Documents (which does not exceed 1.0 parking spaces for each 1,000 square feet of gross floor area), one tower up to 160-feet in height and with a tower floor plate of up to 20,000 square feet within the Tower Height, and all of Current Owner's rights with respect to the public infrastructure serving the Blocks 33/34 Expansion Property to be constructed by Primary Developer, which rights are being modified by the Regents and FOCIL pursuant to the Infrastructure Agreement. The

Regents will develop the project consistent with Sections 4.1 and 4.3, below, and with uses consistent with the Redevelopment Plan.

3.2 Consent to Transfer. Concurrently with the execution of this MOU, the Successor Agency and Primary Developer have entered into the Fifth OPA Amendment, and Successor Agency, the Regents, and Current Owner have entered into the OPA Covenant, by which, among other things, the Successor Agency consented to the Transfer of the Blocks 33/34 Expansion Property by Current Owner to the Regents, and released Current Owner from certain obligations under the OPA pertaining to the Blocks 33/34 Expansion Property, conditioned on Successor Agency's receipt of the Affordable Housing Payment and FOCIL's receipt of the Infrastructure Payment. The Parties acknowledge and agree that the Successor Agency and FOCIL would not have been willing to enter into the Fifth OPA Amendment without the OPA Covenant and this MOU becoming effective and binding obligations on the part of the Regents, and visa versa.

3.3 Mitigation Measures for Development of Blocks 33/34 Expansion Property.

3.3.1 Transportation System Management. UCSF operates its own Transportation Demand Management program to reduce the number of single occupancy vehicles trips at its campus sites and UCSF intends to extend that program to development of the Blocks 33/34 Expansion Property. The Successor Agency acknowledges that in approving the Redevelopment Plan, the City and the Former Agency found that the Regents had adopted a Transportation Demand Management program as Measure 12C4-1 in its LRDP Findings, that such measure is substantially similar to FSEIR Measure E.47 (which is the Transportation Demand Management program the City and the Successor Agency required as described in the Mitigation Measures attached to the OPA), and that FSEIR Measure E.47 did not apply to the Regent's development of the Campus Site. In addition, in approving the 2010 MOU, the Former Agency similarly concluded that FSEIR Measure E.47 did not apply to the Regents' development of the Hospital Expansion Parcels. In light of the foregoing, the Successor Agency acknowledges that UCSF intends to extend its Transportation Demand Management program to the Blocks 33/34 Expansion Property upon acquisition and that the Successor Agency may adopt findings that extension of UCSF's Transportation Demand Management program to the Blocks 33/ 34 Expansion Property is an equivalent or more effective program to FSEIR Measure E.47 based upon substantial evidence to this effect that has been provided by UCSF to the Successor Agency and that accordingly FSEIR Measure E.47 is not required for the Regents' development of the Blocks 33/34 Expansion Property.

3.3.2 Noise. In addition to any noise related mitigations in the FSEIR that are applicable to the development and use of the Blocks 33/34 Expansion Property (which mitigation measures are subject to the procedures for substitution of equivalent UCSF mitigation measures described in Section 3.3.3), the Regents shall comply with the City's noise ordinance and the Successor Agency's extreme noise conditions of approval for Mission Bay, which limit the hours of construction activities generating noise over 80 dBA at a distance of 100 feet to between 8:00 am to 5:00 pm Monday through Friday, in undertaking construction on the Blocks 33/34 Expansion Property.

3.3.3 Mitigation Measures Consistent with FSEIR. In conjunction with the FSEIR and the approval of the Redevelopment Plan, the Former Agency and the City adopted CEQA Findings, including mitigation measures, a statement of overriding considerations, and a mitigation monitoring and reporting program. The Successor Agency, in taking approval actions under this MOU will comply with CEQA by acting as the lead agency and considering the FSEIR and any additional environmental review documents, if any, prepared by the Successor Agency and adopting findings in accordance with CEQA. In taking approval actions under this MOU, the Regents will comply with CEQA by acting as a responsible agency or a lead agency, as the case may be, by considering the FSEIR and any additional environmental review documents, if any, prepared by the Successor Agency or the Regents and adopting findings in accordance with CEQA, including, without limitation, the adoption of mitigation measures for which it is responsible as a result of its approval of proposed development on the Blocks 33/34 Expansion Property. In light of the foregoing, the Successor Agency acknowledges that the Regents may at any time request that the Successor Agency adopt findings that UCSF has adopted its own UCSF mitigation measures pursuant to the requirements of CEQA for the Blocks 33/34 Expansion Property and these mitigation measures constitute an equivalent or more effective mitigation program to the mitigation program in the FSEIR based upon substantial evidence to this effect as may be provided by UCSF to the Successor Agency. The Successor Agency may delegate to its Executive Director the responsibility to review UCSF's mitigation program and make findings of equivalency. Notwithstanding any language to the contrary in this Section 3.3.3, the Parties hereby acknowledge and agree that the Successor Agency may not make any equivalency findings concerning UCSF's mitigation program for the Blocks 33/34 Expansion Property if such findings result in or require an amendment to the Infrastructure Plan unless and until FOCIL has provided its written consent thereto.

3.4 Maximum Development of Blocks 33/34 Expansion Property.

3.4.1 Floor Rentable Area Defined. For purposes of determining the maximum development of the Blocks 33/34 Expansion Property permitted under this MOU and the Infrastructure Agreement with FOCIL, the Regents' development shall be measured by applying the definition of "Floor Rentable Area" as defined in the 1996 Building Owners and Managers Association International publication "Standard Method for Measuring Floor Area in Office Buildings" to all development on the Blocks 33/34 Expansion Property, and each reference to "Leasable square feet" shall equate to each reference to "Floor Rentable Area."

3.4.2 Maximum Development Rights of Blocks 33/34 Expansion Property. During the term of the Redevelopment Plan, the OPA or the other Plan Documents, the Regents shall not construct more than (i) 500,000 gross square feet of Floor Rentable Area, in the aggregate, on the combined area consisting of the Blocks 33/34 Expansion Property, nor (ii) one Tower with a floor plate of up to 20,000 square feet within the Tower Height (as such term is defined in the Mission Bay South Design for Development) on Block 33, nor (iii) 500 parking spaces, except in accordance with the terms and conditions of Sections 3.4.3 and 3.4.4 below.

3.4.3 Permitted Development Rights Transfers. As used in this Section 3.4.3, (i) "**Limited Development Rights Transfers**" means: (A) transfers of up to 250,000 gross square feet of the 500,000 gross square feet of Floor Rentable Area allocated to the Blocks 33/34 Expansion Property under the Redevelopment Plan to the Campus Site

and/or the Hospital Expansion Parcels, and (B) transfers of up to, but not more than, 100,000 square feet of gross square footage, in total, to the Blocks 33/34 Expansion Property from development rights of either the Campus Site and/or the Hospital Expansion Parcels, and (ii) “**Additional Development Rights Transfers**” means any transfer of development rights to or from the Blocks 33/34 Expansion Property other than Limited Development Rights Transfers. The Regents shall not make Limited Development Rights Transfers or Additional Development Rights Transfers without obtaining the written consent of the Successor Agency, which consent shall not be unreasonably withheld, provided that (i) the resulting development will be consistent with maintaining applicable setback, height and bulk restrictions, (ii) any Successor Agency decision regarding any such more intensive development shall occur only following the Regents’ completion of any required additional CEQA review, and (iii) it shall be conclusively deemed reasonable for Successor Agency (A) in compliance with CEQA to (1) disapprove the request if it finds the economic and social benefits of the Project do not outweigh otherwise unavoidable significant adverse impacts of the Project; (2) modify the request to mitigate significant adverse environmental impacts, (3) select feasible alternatives that avoid significant adverse impacts of the request, or (4) require the implementation of specific measures to mitigate the significant adverse environmental impacts of the request, or (B) to disapprove the request if Primary Developer or Successor Agency determines in its respective sole discretion that the development will result in an Adverse Change (as defined in Attachment 4). In addition, the Regents shall not make Additional Development Rights Transfers without obtaining the written consent of the Primary Developer, which consent shall not be unreasonably withheld, provided, that, it shall be conclusively deemed reasonable for Primary Developer to disapprove the request if it determines in its respective sole discretion that the development will result in an Adverse Change (as defined in Attachment 4). Without limiting the foregoing provisions of this Section 3.4.3, any Additional Development Rights Transfers shall be allowed only if the Regents enters into one or more agreements, satisfactory in form and substance to the Successor Agency and Primary Developer, to provide appropriate assurances, including but not limited to (i) Financial Mitigation to the Successor Agency and Primary Developer as defined in Section 3.3.4 of the 2010 MOU and attributable to or associated with the use of the property rights transferred in such Additional Development Rights Transfer and (ii) an additional payment to the Successor Agency to account for the impact that the Additional Development Rights Transfer would have on the Housing Program and any related bonding requirements, which additional payment shall be calculated by the parties using calculations and assumptions comparable to those used by the parties to reach the amount of the Affordable Housing Payment. The Regents shall provide prior written notice to the Successor Agency and the Primary Developer of any proposed development rights transfers.

3.4.4 Transfers of Parking Rights. If the Regents elects to proceed with a Limited Development Rights Transfer or Additional Development Rights Transfer under Section 3.4.3 above, together with such transfer of development rights the Regents shall be allowed to transfer unused parking entitlement in an amount not to exceed one parking space for every 1,000 square feet of gross square footage transferred. By way of example, and not limitation, if the Regents transfers 50,000 square feet of gross square footage to the Blocks 33/34 Expansion Property from the Campus Site under Section 3.4.3, it shall also be permitted to transfer another 50 parking spaces from the Campus Site to the Blocks 33/34 Expansion Property.

3.4.5 Calculation of Affordable Housing Payment. Notwithstanding any transfers that the Regents effectuate as permitted under Section 3.4.3 or 3.4.4 above, the Parties acknowledge and agree that the Affordable Housing Payment required under Section 1.1 is payable (A) based on the original 500,000 gross square feet of development rights and parking allocated to the Blocks 33/34 Expansion Property under this MOU; and (B) regardless of any future reallocation of entitlements permitted under this Section 3.4.

3.5 Tax Allocation Debt Promissory Note; PILOT Agreement. In connection with the closing of the Transfer to the Regents of the Blocks 33/34 Expansion Property, the Regents is not required to deliver a Tax Allocation Debt Promissory Note to the Successor Agency and neither Current Owner nor the Regents is required to deliver a PILOT Agreement, as defined in Section 14.7 of the OPA, to the Successor Agency. But if the OPA and other Plan Documents spring back into effect in the future as described in Section 4 below and the OPA Covenant, then at such time the Owner of the Blocks 33/34 Expansion Property, or portion of the Blocks 33/34 Expansion Property that is subject to the OPA and Plan Documents, shall promptly furnish to Successor Agency, without any prior demand by the Successor Agency, the following: (i) a duly authorized and executed Tax Allocation Debt Promissory Note consistent with the Financing Plan and (ii) a duly authorized and executed PILOT Agreement consistent with Section 14.7 of the OPA with respect to that portion of the Blocks 33/34 Expansion Property is not being used in furtherance of UCSF Purposes, all as further set forth and required under the OPA Covenant.

4. Suspension of Redevelopment Plan, OPA and Other Plan Documents; Springing Back of Plan Documents Upon Transfer for Non-UCSF Purposes.

4.1 UCSF Purposes. The Regents intends to use the Blocks 33/34 Expansion Property solely for purposes that directly support, benefit or further the charitable, scientific, research, educational and public service purposes of the University of California at San Francisco, consistent with the educational mission of the Regents under the State Constitution and its exemption from local land use regulation thereunder, and as reflected by existing uses on other campuses within the University of California system and consistent with the uses allowed under Section 4.3, below ("**UCSF Purposes**").

4.2 Suspension of Plan Documents for UCSF Purposes. Upon the Transfer of the Blocks 33/34 Expansion Property to the Regents, consistent with and subject to the terms and conditions of this MOU, including Successor Agency's receipt of the Affordable Housing Payment, FOCIL's receipt of the Infrastructure Payment and the satisfaction of the other Approval Conditions set forth in Section 8.2, the Parties acknowledge that the effect of the Plan, OPA, and the other Plan Documents are suspended as to the Blocks 33/34 Expansion Property, and on and after such date will have no effect and will not apply to the Blocks 33/34 Expansion Property for so long as and to the extent that any development or use of that property is for UCSF Purposes, consistent with the Regents' exemption from local land use and redevelopment regulations under the State Constitution.

4.3 Allowed Principal Uses and Approval Required for Secondary Use of Blocks 33/34 Expansion Property. The Regents shall develop and construct the project on the Blocks 33/34 Expansion Property in accordance with the provisions of this MOU. The Regents

will develop the project consistent with the rights to construct purchased from the Current Owner as set forth in Section 3.1, and with principal uses such as, but not limited to, office, research and retail uses, permitted in the Commercial Industrial land use district of the Redevelopment Plan. The Regents will not construct any secondary uses, such as clinics for outpatient care, as defined in the Redevelopment Plan for the Commercial Industrial land use district of the Redevelopment Plan without Executive Director approval in accordance with Section 302 of the Redevelopment Plan, following additional CEQA review as necessary, and approval of Primary Developer, to the extent required under Section 3.4.2 and 3.4.3 of this MOU and the South OPA, nor will it develop the site with a use that is not consistent with the Redevelopment Plan.

4.4 Applicability of Plan Documents for any use that is not for UCSF Purposes. Should the Regents or any successor, at any time or from time to time during the term of the Redevelopment Plan, the OPA or the other Plan Documents, either engage in any use, or Transfer all or any portion of the Blocks 33/34 Expansion Property to any entity for any use, that is not in furtherance of UCSF Purposes (other than customary retail uses incidental to UCSF Purposes, including, but not limited to, use as a pharmacy, for sale of sundries, or for casual dining establishments), then the Redevelopment Plan, OPA and other Plan Documents shall "spring back" and apply to such property until the term of the Redevelopment Plan, the OPA or the other Plan Documents expires during such period that such property is used for a purpose that is not a UCSF Purpose. Also, should the Regents or any successor, at any time or from time to time after the term of the Redevelopment Plan, the OPA or the other Plan Documents expires, either engage in any use, or Transfer all or any portion of the Blocks 33/34 Expansion Property to any entity for any use, that is not in furtherance of UCSF Purposes (other than certain retail uses as provided above), then local planning regulations shall apply to such property during such period that the property is used for a purpose that is not constitutionally exempt from local land use regulation. The Regents, or its successor, shall provide at least ten (10) days' prior written notice to the Successor Agency and the Primary Developer of any proposed use of all or any portion of the Blocks 33/34 Expansion Property that is not in furtherance of UCSF Purposes or of any proposed transfer of all or any portion of the Blocks 33/34 Expansion Property to another entity for such use. The Primary Developer is an intended third party beneficiary of this Section 4.4.

4.5 Termination of PILOT Agreement. In consideration for the Affordable Housing Payment to be made by the Regents hereunder, the Successor Agency hereby agrees to consent to the termination of the PILOT Agreement as of the Effective Date and to authorize the recording of a Termination Agreement in form acceptable to the Successor Agency, the Regents and Primary Developer.

4.6 Taxation. None of the provisions relating to the suspension of the Plan Documents or local land regulations, or the reimposition of the Plan Documents and local regulations as provided above, shall be deemed to affect in any way any determination about whether a particular use of the Blocks 33/34 Expansion Property is exempt from property taxes or any other state or local tax or similar imposition.

5. Cooperation in UCSF Land Use Planning for Development of Blocks 33/34 Expansion Property.

5.1 Successor Agency Design Review and Consultation; Design Standards.

The Regents shall work cooperatively with the Successor Agency and the City regarding land use and planning issues on the Blocks 33/34 Expansion Property, to assure that the mutual interests of the Regents, the Successor Agency and the City are addressed, as further provided in Attachment 2 to this MOU. The Regents shall design and develop each project on the Blocks 33/34 Expansion Property to conform substantially in all material respects with the Required Design Standards described in Attachment 3 to this MOU, to preserve and enhance elements of the Mission Bay South Plan, as further provided in such attachment. Any substantial variants to the Required Design Standards will require the approval of the Successor Agency, which approval shall not be unreasonably withheld, conditioned or delayed, where enforcement of the Required Design Standards would otherwise constitute an unreasonable limitation beyond the intent and purpose of the Redevelopment Plan and is consistent with public health, safety and welfare, and environmental review in compliance with CEQA as necessary. The Regents shall also endeavor to design and develop each project on the Blocks 33/34 Expansion Property to conform with the Additional Design Standards described in Attachment 3 to this MOU.

5.2 Planning MOU. Without limiting the foregoing, the Regents shall abide by the provisions of the 1987 MOU, providing for improved communications between UCSF and the City, including meetings, written advice on planning, opportunity for City hearings and comment, consultation and dispute resolution.

5.3 Adherence with Required Design Standards. Notwithstanding anything to the contrary in this MOU, and subject to the Design Review and Consultation Process described in Attached 2 to this MOU, the Regents shall adhere to the Required Design Standards defined in Attachment 3 to this MOU with respect to the design and development of the Blocks 33/34 Expansion Property.

5.4 Reimbursement for Successor Agency Costs. The Regents shall be responsible for reimbursing reasonable costs incurred by the Successor Agency and City Agencies in connection with the preparation, completion and execution of this MOU, as well as reasonable costs incurred by the Successor Agency and City Agencies related to the review of the design and construction of development on the Blocks 33/34 Expansion Property and to the review and processing of all necessary City approvals.

6. Work Force Opportunities.

6.1 Commitment to Diversity and Equal Opportunities. UCSF has identified as one of its goals and objectives in its 1996 Long Range Development Plan the maintenance and promotion of diversity in the UCSF work force. As part of its goal of achieving diversity in the UCSF workforce, UCSF has stated the goal of establishing a strong, results-oriented affirmative action plan that includes the promotion of purchasing from and contracting with minority, women-owned and disadvantaged businesses, hiring and contracting with community residents, and promoting diversity in UCSF's faculty, students and staff. Also, another identified goal is the coordination of hiring programs with community employment and job training programs, labor unions, and local high schools and colleges. The Regents will make good faith efforts to ensure that minority- and women- owned businesses have the opportunity to compete for contracts with the Regents, including advertising contracting opportunities. Although UCSF's

current programs will change over time in response to changing conditions in the community, the makeup of target populations and UCSF policy, UCSF remains committed to the goals of promoting diversity and benefits for local residents and businesses in its employment and contracting practices. The Regents will continue to comply with the affirmative action requirements imposed upon the Regents as a federal contractor under Executive Order 11246.

6.2 Local Hiring. The LRDP for UCSF approved by the Regents includes Goals and Objectives that call for UCSF to maximize the economic benefits for residents and businesses adjoining the existing Campus Site and any new site. Accordingly, for any development on the Blocks 33/34 Expansion Property, UCSF will make good faith efforts to hire and contract with community residents for construction and career jobs. As the second largest employer in San Francisco and a major factor in the health of the city's overall economy, the Regents recognizes that the construction projects that take place on its campuses can financially benefit the surrounding neighborhoods, as well as the entire city. The Regents is firmly committed to creating job opportunities for hiring San Francisco residents to help build its construction projects. UCSF's Community Construction Outreach Program (CCOP) is a mechanism that has knowledge of and will assist the construction hiring process, to help ensure resident workers are made aware of employment opportunities, and are fairly and equitably considered for hire at the time job opportunities become available. In 2011, UCSF voluntarily set construction hiring goals of at least 20 percent of the construction hours, on projects with construction costs exceeding \$5 million, to be performed by San Francisco residents. Each successive year this percentage will increase by 5 percent until reaching a maximum goal of 50 percent. UCSF also administers the EXCEL program (Excellence through Community Engagement & Learning), which is a work-based learning program that uses both classroom and on-the-job training to prepare participants for clerical/administrative career path jobs in the healthcare sector. After completing 10 weeks of computer, administrative, customer service, and medical terminology training at JVS, UCSF's community based training partner, participants are placed in paid, four-month clerical/administrative internships within UCSF's various departments, throughout both the campus and medical center. UCSF intends to use for development of the Blocks 33/34 Expansion Property the same local hiring programs it then has in place for the Campus Site and Hospital Expansion Parcels.

6.3 Prevailing Wages for Construction Projects. The Regents agrees to pay prevailing wages consistent with its policies, for all of its development on the Blocks 33/34 Expansion Property.

6.4 First Source Hiring Fee. Nothing in this MOU, the Fifth OPA Amendment or the OPA Covenant shall delay, diminish or otherwise affect the obligations of the Primary Developer to make the \$1,500,000 payment required under the OPA for the City's first source hiring program.

7. Representations and Warranties.

7.1 The Regents. The Regents represents, warrants and covenants to the City and the Successor Agency as follows:

7.1.1 Authority. The Regents has all requisite power and authority to execute and deliver this MOU and to carry out and perform all of its duties and obligations under this MOU.

7.1.2 No Limitations. No law or agreement to which the Regents is bound prohibits or materially limits or otherwise affects the right or power of the Regents to enter into and perform all of the terms and covenants of this MOU. There are no pending or threatened suits or proceedings or undischarged judgments affecting the Regents before any court, governmental agency, or arbitrator which, if determined adversely to the Regents, might materially adversely affect the enforceability of this MOU or the ability of the Regents to perform its obligations hereunder.

7.1.3 Due Execution. The execution and delivery by the Regents of this MOU and any agreements contemplated hereby has been duly and validly authorized by all necessary action on the part of the Regents. Upon its execution and delivery by all Parties, this MOU and all such other agreements will be legal, valid, binding and enforceable obligations of the Regents.

7.1.4 Acquisition Agreement. The Regents has entered into a binding agreement with Current Owner consistent with the provisions of Section 3.1 of this MOU.

7.1.5 Infrastructure Agreement. On or prior to the Effective Date, the Regents will have entered into the Infrastructure Agreement, which is consistent with the provisions of Section 2.1 of this MOU.

7.1.6 No Gifts of Public Funds. The payments required under this MOU are being made in satisfaction of certain existing contractual obligations that run with the Blocks 33/34 Expansion Property and are not gifts of public funds.

7.2 The Successor Agency. The Successor Agency represents, warrants and covenants to the Regents as follows:

7.2.1 Authority. Subject to approval to the extent required by law by the City's Board of Supervisors and Mayor, Oversight Board and the DOF, in their respective sole discretion, the Successor Agency has all requisite power and authority to execute and deliver this MOU and to carry out and perform all of its respective duties and obligations under this MOU.

7.2.2 No Limitations. No law or agreement to which the Successor Agency is bound prohibits or materially limits or otherwise affects the right or power of it to enter into and perform all of the terms and covenants of this MOU. There are no pending or threatened suits or proceedings or undischarged judgments affecting the Successor Agency before any court, governmental agency, or arbitrator which, if determined adversely to it, might materially adversely affect the enforceability of this MOU or the ability of the Successor Agency to perform its obligations under this MOU.

7.3 Due Execution. The execution and delivery by the Successor Agency of this MOU and any agreements it contemplates has been duly and validly authorized by all necessary action by it. Upon its execution and delivery by all Parties following approval to the

extent required by law by the City's Board of Supervisors and Mayor, Oversight Board and the DOF, in their respective sole discretion, this MOU and such other agreements will be legal, valid, binding and enforceable obligations of the Successor Agency.

8. Term; Effective Date.

8.1 Effective Date; Term. This MOU shall take effect upon the date (the "**Effective Date**") that is the later of (i) the full execution and delivery of this MOU by the Regents and Successor Agency, (ii) the date the enacting Resolution is effective in accordance with California Health and Safety Code Section 34179(h), and (iii) the date of final satisfaction of all of the Approval Conditions, as set forth in Section 8.2 below. This MOU shall be null and void if the Effective Date has not occurred by 5:00 p.m. Pacific Time on October 1, 2014, unless extended in writing by both the Parties in their sole and absolute discretion. This MOU shall terminate upon the earlier of (i) the written agreement of the Parties hereto and the consent of City and FOCIL to such termination; or (ii) upon the expiration of the term of the OPA and CFDs applicable to the Blocks 33/34 Expansion Property, whichever is later.

8.2 Approval Conditions. For purposes of this MOU, the Approval Conditions are the following:

8.2.1 The Regents and Current Owner have acknowledged in writing to the Successor Agency the satisfaction or waiver of all conditions to close of escrow on the Blocks 33/34 Expansion Property.

8.2.2 A grant deed is recorded in the Official Records, conveying the Blocks 33/34 Expansion Property from Current Owner to the Regents.

8.2.3 Receipt of the Affordable Housing Payment by the Successor Agency.

8.2.4 Receipt of the Infrastructure Payment by the Primary Developer.

8.2.5 Successor Agency's receipt of payment of the Successor Agency Project Cost Closing Invoice, as defined in Section 9 below, if any.

8.2.6 The Fifth OPA Amendment has been duly executed and delivered by all parties thereto and is in full force and effect.

8.2.7 The Infrastructure Agreement has been duly executed and delivered by all parties thereto and is in full force and effect, as acknowledged in writing to the Successor Agency by Primary Developer.

8.2.8 The OPA Covenant has been duly executed and delivered by all parties thereto and has been recorded in the Official Records.

9. Reimbursement of Successor Agency Blocks 33/34 Expansion Property Project Costs. UCSF and the Successor Agency are parties to that certain letter agreement, dated December 18, 2013, under which UCSF agreed to reimburse the Successor Agency for costs

incurred in connection with the Successor Agency's review, approval and implementation of UCSF's proposal to explore opportunities to develop on property in the Plan Area as well as subsequent work related to actual development by UCSF if they go forward with the development (the "**Letter Agreement**"). As of the Effective Date, this Section 9 shall supersede the provisions of the Letter Agreement as to the Blocks 33/34 Expansion Property, and the Regents shall reimburse Successor Agency for costs that would have been reimbursable by UCSF under the Letter Agreement, including costs reasonably incurred by the Successor Agency and City agencies in connection with the preparation, completion and execution of this MOU, the Fifth OPA Amendment, and the OPA Covenant, as well as reasonable costs incurred by the Agency and City agencies related to the review of the design and construction of development on the Blocks 33/34 Expansion Property and to the review and processing of all necessary Successor Agency and City approvals ("**Successor Agency Project Costs**"). Consistent with reimbursements under the OPA, the Successor Agency will bill and invoice the Regents directly on a quarterly basis for Successor Agency' Project Costs. Payments are due thirty (30) days from invoice. Notwithstanding the foregoing, at the Successor Agency's sole election it may bill and invoice the Regents for outstanding Successor Agency Project Costs as of the date of close of escrow for the Transfer of title to the Blocks 33-34 Expansion Property to the Regents so long as the Successor Agency delivers written notice to the Regents of its election at least ten (10) business days prior to the occurrence of such Transfer (a "**Successor Agency Project Cost Closing Invoice**"), and in such event the Regents shall pay such invoice by wire transfer through the escrow. The Successor Agency reserves the right to suspend work, including approval of documents and permits, if invoices are not paid by the applicable due date.

10. General Provisions.

10.1 Definitions. Unless otherwise defined in this MOU, initially capitalized terms shall have the meanings given them in the OPA.

10.2 Notices.

10.2.1 A notice or communication under this MOU by any Party to another or to Primary Developer shall be sufficiently given or delivered if dispatched by hand or by registered or certified mail or an overnight mail service that provides a receipt, postage prepaid, addressed as follows:

In the case of a notice or communication to the Successor Agency:

Office of Community Investment and Infrastructure
1 South Van Ness Avenue, Fifth Floor
San Francisco, CA 94103
Attn: Executive Director
Reference: Mission Bay South Blocks 33-34
Telephone: (415) 749-2400

With a copy to:

San Francisco Office of Economic and Workforce Development
City and County of San Francisco

Room 448, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Director
Reference: Mission Bay South Blocks 33-34
Telephone: (415) 554-6018

And to:

Office of the City Attorney
Room 234, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Chief Assistant
Reference: Mission Bay South Blocks 33-34
Telephone: (415) 554-4700

And in the case of a notice sent to the Regents:

University of California
Office of the President
1111 Franklin Street, 6th Floor
Oakland, CA 94607-5200
Attn: Director of Real Estate
Reference: Mission Bay South Blocks 33-34
Telephone: (510) 987-9632

With copies to:

The Regents of the University of California
Office of the General Counsel
1111 Franklin Street, 8th Floor
Oakland, CA 94607-5200
Attn: General Counsel
Reference: Mission Bay South Blocks 33-34
Telephone: (510) 987-9719

and

University of California, San Francisco
Campus Planning
654 Minnesota Street, Second Floor
San Francisco, CA 94143-0286
Attention: Associate Vice Chancellor
Telephone: (415) 476-2911

And in the case of a notice sent to the Primary Developer:

FOCIL-MB, LLC
c/o Mission Bay Development Group, LLC
410 China Basin Street
San Francisco, California 94158
Attention: Seth Hamalian and Legal
Reference: Mission Bay South Blocks 33-34
Telephone: (415) 355-6612 and (415) 355-6635

With a copy to:

FOCIL-MB, LLC
c/o Farallon Capital Management, L.L.C.
One Maritime Plaza, Suite 2100
San Francisco, California 94111
Attention: Joshua Dapice and Richard B. Fried
Telephone: (415) 421-2121

Every notice given to a Party or the Primary Developer under the terms of this MOU, must state (or must be accompanied by a cover letter that states) substantially the following:

- (i) the Section of this MOU under which the notice is given and the action or response required, if any;
- (ii) if applicable, the period of time within which the recipient of the notice must respond thereto;
- (iii) if approval or consent is being requested, shall be clearly marked "Request for Approval [or Consent] under the Mission Bay South UCSF Expansion MOU for Blocks 33-34"; and
- (iv) if involving a notice of a disapproval or an objection to a request for approval that requires reasonableness, shall specify with reasonable particularity its reasons.

10.2.2 Any mailing address may be changed at any time by giving written notice of such change in the manner provided above at least 10 days prior to the effective date of the change. All notices under this MOU shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt. A party may not give official or binding notice by telefacsimile.

10.3 Amendments. Except as otherwise provided in this MOU, this MOU may be amended or modified only by a written instrument executed by the City and the Successor Agency on the one hand, and the Regents on the other hand, and with the written consent of the Primary Developer where specifically required by the terms of this MOU and the Fifth Amendment to the South OPA.

10.4 Severability. If any provision of this MOU, 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 MOU or the application of such provision to any other person or circumstance, and the remaining portions of this MOU shall continue in full force and effect, unless enforcement of this MOU as so modified by and in response to such invalidation would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the fundamental purposes of this MOU. Without limiting the foregoing, in the event that any applicable federal or state law prevents or precludes compliance with any material term of this MOU, the Parties shall promptly modify, amend or suspend this MOU, or any portion of this MOU, to the extent necessary to comply with such provisions in a manner which preserves to the greatest extent possible the benefits to each of the Parties to this MOU before such conflict with federal or state law. But, if such amendment, modification or suspension would deprive the City or the Successor Agency on the one hand or the Regents on the other hand of the substantial benefits derived from this MOU or make performance unreasonably difficult or expensive, then the affected party (or Parties) may terminate this MOU upon written notice to the other party (or Parties). In the event of such termination, no party shall have any further rights or obligations under this MOU.

10.5 Non-Waiver. Any delay or failure by the City or the Successor Agency on the one hand or the Regents on the other to exercise any of its respective rights or remedies under this MOU shall not be deemed a waiver of that or any other right contained in this MOU.

10.6 Successors and Assigns; Third Party Beneficiaries. This MOU shall inure to the benefit of and bind the respective successors and assigns of the Parties, and to the benefit of the City with respect to the obligations of the Regents, and to the benefit of Primary Developer as to Sections 2.6, 3.1, 3.3.3, 3.4, 3.5, 4.3, 4.4, 5.1, 5.3 and 8.2 of this MOU. Except as provided above, this MOU is for the exclusive benefit of the Parties hereto and not for the benefit of any other Person, except as expressly provided herein, and shall not be deemed to have conferred any rights, express or implied, upon any other Person.

10.7 Governing Law. This MOU shall be governed by and construed in accordance with the laws of the State of California.

10.8 Counterparts. This MOU may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

10.9 Interpretation of Agreement.

10.9.1 Exhibits. Whenever an "Exhibit" is referenced, it means an attachment to this MOU unless otherwise specifically identified. All such Exhibits are incorporated in this MOU by reference.

10.9.2 Captions. Whenever a section, article or paragraph is referenced, it refers to this MOU unless otherwise specifically identified. The title of this MOU, and the captions preceding the articles and sections of this MOU have been inserted for convenience of

reference only. Such title and captions shall not define or limit the scope or intent of any provision of this MOU.

10.9.3 Words of Inclusion. The use of the term "including," "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such term, statement or matter to the specific items or matters, whether or not language of non-limitation is used with reference thereto. Rather, such terms 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.

10.9.4 References. Wherever reference is made to any provision, term or matter "in this MOU," "herein" or "hereof" or words of similar import, the reference shall be deemed to refer to any and all provisions of this MOU reasonably related thereto in the context of such reference, unless such reference refers solely to a specific numbered or lettered, section or paragraph of this MOU or any specific subdivision thereof.

10.9.5 Recitals. In the event of any conflict or inconsistency between the Introduction, Recitals and any of the provisions under the Agreement portion of this MOU, the provisions in the Agreement portion of this MOU shall prevail. The Recitals in this MOU are included for convenience of reference only and are not intended to create or imply covenants under this MOU.

10.10 Cooperation. In connection with this MOU, the Parties shall deal with one another in good faith and reasonably cooperate with one another to achieve the objectives and purposes of this MOU. In so doing, each of the Parties shall each refrain from doing anything that would render its performance under this MOU impossible and each shall do everything that this MOU contemplates that the party shall do to accomplish the objectives and purposes of this MOU.

10.11 Entire Agreement. This MOU (including the Attachments), together with the Fifth OPA Amendment and the OPA Covenant, contain all the representations and the entire agreement between the Parties with respect to the acquisition and development by the Regents of the Blocks 33/34 Expansion Property. Subject to the foregoing, any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this MOU. No prior drafts of this MOU or changes from those drafts to the executed version of this MOU shall be introduced as evidence in any litigation or other dispute resolution proceeding by either party or any other Person and no court or other body shall consider those drafts in interpreting this MOU.

10.12 No Material Changes. The Parties acknowledge and agree that nothing in this MOU, the Fifth OPA Amendment, the OPA Covenant or the documents contemplated by such agreements materially alters the obligations of any City Agencies under the Infrastructure Plan, the Environmental Investigation and Response Program or the Design Review and Document Approval Procedure, or the principal benefits accruing to the City or any of the City Agencies (including the development of Open Space Parcels under the Infrastructure Plan), nor the Housing Program in a manner that materially alters the obligations of the Primary Developer

or the Successor Agency so as to lessen the principal benefits accruing to the City from the affordable housing elements of the Housing Program that is part of the OPA.

10.13 2010 MOU. This MOU supersedes the 2010 MOU in its entirety with respect to the Blocks 33/34 Expansion Property. Otherwise, the 2010 MOU is and shall remain in full force and effect in accordance with its terms. In no event shall this MOU be deemed to amend, restate or otherwise supplant the 2010 MOU and the 2010 MOU shall continue to govern the rights and obligations of the parties with respect to the Hospital Expansion Parcels and, to the extent applicable, any Other Possible Expansion Parcels except for the Blocks 33/34 Expansion Property that the Regents may acquire in the future. With respect to the development of the Blocks 33/34 Expansion Property, in the event of any conflict between the provisions of this MOU and the provisions of the 2010 MOU, the provisions of this MOU shall control.

[Signature Page Follows]

IN WITNESS WHEREOF, the Successor Agency and the Regents have duly executed and delivered this MOU as of the date first written above and intend for the MOU, upon execution and delivery by both Parties, to be a binding agreement, enforceable in accordance with its terms.

SUCCESSOR AGENCY:

THE REGENTS:

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body organized and existing under the laws of the State of California

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California corporation

By: _____
Name: Tiffany J. Bohee
Title: Executive Director

By: _____
Name:
Title:

Approved as to Form:

By: _____
Name: James Morales
Title: General Counsel

Authorized by Successor Agency Resolution

No. ____-14, adopted _____, 2014

Approved as to Form as to City as third party beneficiary:

DENNIS J. HERRERA,

City Attorney

By: _____
Name:
Title: Deputy City Attorney

ATTACHMENT 1

Land Use Plan

(Attached)

ATTACHMENT 2

DESIGN REVIEW AND CONSULTATION PROCESS FOR THE REGENTS' DEVELOPMENT OF THE BLOCKS 33/34 EXPANSION PROPERTY

In developing a use program for the Blocks 33/34 Expansion Property, and in designing and developing any improvements to be built on the Blocks 33/34 Expansion Property, the Regents shall observe the following process.

1. Design Consultation.

UCSF shall provide the Successor Agency and members of the local community the opportunity to review the design of the exterior of the improvements to be built on any of the Blocks 33/34 Expansion Property, and the overall site plan for the Blocks 33/34 Expansion Property. The review of the site plan will include, but not be limited to, the street grid and circulation, and their relationship to the urban physical design and urban planning objectives for the area as the Blocks 33/34 Expansion Property is developed. The Successor Agency and UCSF shall cooperate in a timely manner in the development of the design. UCSF shall assure that this review and related design development consultations take place before decisions by the Regents on the design matters under review. The Successor Agency acknowledges that the interior design of the improvements will be outside the scope of any Successor Agency review.

2. Method of Consultation.

- (a) Pre-Design Discussions. UCSF and the Successor Agency shall have pre-design discussions to review the urban design goals for the Blocks 33/34 Expansion Property. In carrying out its project design for improvements on the Blocks 33/34 Expansion Property, the Regents shall consider the comments provided by the Successor Agency during the pre-design discussions.
- (b) Review of Plans. During the design development process, UCSF shall provide the Successor Agency the opportunity to meet periodically with UCSF and its designers to comment on the design of the improvements and the overall site plan. The San Francisco City Planning Department and other appropriate City Departments may also participate in reviewing design and providing comments during any such period, provided that the Successor Agency assumes responsibility for securing timely comments and coordinating any responses. Throughout the design development stage, UCSF shall provide the Successor Agency copies of, or reasonable access to, design documents for the project, including, without limitation, site and building plans and schematic drawings. UCSF shall provide the Successor Agency with copies of all design documents provided to the Regents at the same time as they are sent to the Regents. UCSF shall also send directly to the Successor Agency copies of all environmental review documents, including, by way of example only, any environmental impact report(s) and responses to comments, at the same time as UCSF makes any such documents available to the public.

- (c) Citizen's Advisory Committee. In addition to UCSF's regular public participation program through its Community Advisory Group ("CAG") UCSF and the Successor Agency shall use the Mission Bay Citizens Advisory Committee ("CAC"), or any successor advisory body established by the City, as an ongoing forum for public design presentations and general public design comments. The CAC will have the opportunity to view the plans periodically during the conceptual design stage to provide comments.
- (d) Design Presentation Public Hearing. When UCSF has developed the project design concept package sufficiently, as described below, UCSF shall present the design to the Successor Agency Commission at one or more public meetings, which must occur before final design decisions by the Regents on the concept package. The Successor Agency Commission shall have the opportunity to offer comments on the design and to hear comments from the public. Before the presentation to the Successor Agency Commission, UCSF shall provide to the Commission a concept package generated by UCSF's architect(s). The concept package shall include (1) overall site plans, including the street grid and circulation, showing relationships of buildings, open space, walks, streets, parking areas, landscaping and points of pedestrian and vehicular access; (2) building plans, including elevations, sections and renderings sufficient to indicate architectural character and proposed materials for the exterior and public areas; (3) perspective sketches at eye level showing architectural character and relationships to streets and adjacent buildings; (4) diagrams showing height relationships to surrounding buildings; (5) narrative statements or illustrative materials explaining building sizes, numbers of interior and exterior parking spaces, proposed uses at street level, and descriptions of any community spaces and publicly-accessible areas; (6) wind studies or analyses if buildings with a parapet height greater than 100 feet in height are proposed; and (7) any other appropriate design documents reasonably required to illustrate the architectural character together with the project's relationship to the surrounding environment. The Successor Agency Commission shall make its best efforts to hold the public meeting within 30 days of the submission of the concept package by UCSF to the Successor Agency.
- (e) Due Consideration of Timely Submitted Comments. UCSF shall consider all written or recorded comments submitted in a timely manner by the Successor Agency, the City and the public. The Successor Agency understands that time is of the essence and agrees, for itself and any comments that it may be collecting from San Francisco City Departments, to submit all comments in a timely manner.

3. Design for Development and Decision-Making Authority.

The Regents shall have the sole discretion to select the program for and make design decisions with respect to the improvements for the Blocks 33/34 Expansion Property, so long as the uses of the improvements are in furtherance of the educational purposes of UCSF consistent with the educational mission of the Regents under the State Constitution

and comply with Sections 3.1, 4.1, and 4.3 of this MOU. The Parties acknowledge that the integration of each project built on the Blocks 33/34 Expansion Property into the street grid and surrounding community is a matter of particular importance to the Successor Agency and to the overall success of revitalization of the larger Plan Area under the Redevelopment Plan. Accordingly, UCSF shall design and develop each such project to conform with the Required Design Standards described in Attachment 3 to this MOU, to preserve and enhance elements of the Mission Bay South Plan. The Successor Agency approval will be required to allow for any variation from the Required Design Standards (which approval shall not be unreasonably withheld, conditioned or delayed where enforcement of the Required Design Standards would otherwise constitute an unreasonable limitation beyond the intent and purpose of the Mission Bay South Design for Development Redevelopment Plan and is consistent with public health, safety and welfare), and may require additional environmental review. If UCSF wishes to design and develop any project in a manner that does not substantially comply with the Additional Design Standards, the Regents shall notify the Successor Agency in advance of the proposed changes and the reasons for them, and the Regents and the Successor Agency shall meet and confer to attempt to agree upon modified design standards that will permit the development of the project as designed by the Regents. If the Regents and the Successor Agency are unable to agree upon such modified design standards, the Regents shall have the right to design and develop the project without complying with the Additional Design Standards, subject to compliance with the limits provided for in Section 5.3 of the MOU.

ATTACHMENT 3

DESIGN STANDARDS FOR BLOCKS 33/34 EXPANSION PROPERTY

As provided in Section 5.1 of the MOU and Section 3 of Attachment 2 to the MOU, to preserve and enhance elements of the Mission Bay South Plan UCSF shall design and develop each project on the Blocks 33/34 Expansion Property to conform with the following (collectively, the "**Required Design Standards**"):

- (1) The Design for Development for the Mission Bay South Project Area, approved by Former Agency's Commission by Resolution No. 191-98, dated September 17, 1998, as amended by amendments approved by the Former Agency's Commission by Resolution No. 24-2004, dated February 17, 2004, and Resolution No. 34-2004, dated March 16, 2004 (the "**Mission Bay South Design for Development**");
- (2) The layout of public streets set forth in the Redevelopment Plan (including Third, Sixteenth, Illinois and Mariposa Streets);
- (3) The Mission Bay South Streetscape Plan as approved by the Agency Commission on October 3, 2006 under Agency Commission Resolution No. 137-2006, or as reasonably amended by the Agency Commission to accommodate technical considerations; and
- (4) The Mission Bay South Signage Master Plan, adopted on June 27, 2000 by the Former Agency, Agency Resolution No. 101-2000.

If UCSF wishes to design and develop any project in a manner that does not comply in all major respects with the Required Design Standards, the Regents shall notify the Successor Agency in advance of the proposed changes and the reasons for them, and the Regents and the Successor Agency shall meet and confer to attempt to agree upon modified design standards that will permit the development of the project as designed by the Regents. Any variation from the Required Design Standards shall require approval of the Successor Agency, which shall not be unreasonably withheld, conditioned or delayed, where enforcement of the Required Design Standards would otherwise constitute an unreasonable limitation beyond the intent and purpose of the Redevelopment Plan and Mission Bay South Design for Development and is consistent with public health, safety and welfare, and may require additional environmental review.

"Additional Design Standards":

In addition to the Required Design Standards listed above, the Regents shall endeavor to design and develop each project on the Blocks 33/34 Expansion Property with careful consideration of the following:

1. Incorporate non-neutral color tones on building exteriors to avoid the appearance of a monolithic campus along Third Street and provide some differentiation of the Blocks 33/34 Expansion Property from the rest of the UCSF Mission Bay properties.

2. Avoid the loss of on-street parking spaces on Illinois Street by providing on-site loading and unloading for visitors and delivery trucks.

ATTACHMENT 4

DEFINITION OF ADVERSE CHANGE

As used herein, “Adverse Change” means the loss by any of FOCIL, Catellus Development Corporation, a Delaware corporation (“Catellus”), or its respective affiliates, or any other owner or tenant of the South Plan Area or the Mission Bay North Plan Area that is an assignee, transferee, successor or otherwise derives its interests through either FOCIL, Catellus or their respective affiliates, of the entitled development potential for the balance of their respective land or any of their respective rights and privileges with respect to such land (excluding the Hospital Expansion Parcels, the UCSF Campus Site, the Blocks 33/34 Expansion Property, any other property acquired by The Regents, and Blocks X2, X3 and X4) under any of their respective agreements with the Successor Agency, as the result of Successor Agency’s consent to a Limited Development Rights Transfer or an Additional Development Rights Transfer. Without limiting the foregoing, specifically with respect to the South Plan Area, “Adverse Change” includes, without limitation:

1. any reduction of the number of market-rate Dwelling Units permitted to be developed in the South Plan Area below 1,935 if there is a 500-room hotel on Block 1, or 2,285 market-rate Dwelling Units if there is a 250-room hotel on Block 1, as allowed by the Third OPA Amendment, plus additional units allowed under Section 3.4.3 of the South OPA, if any (such figures exclude the 47 Dwelling Units allowed on X2);
2. any reduction below 190,000 Leasable square feet in the number of square feet of retail uses permitted to be developed in the South Plan Area if Block 1 is developed with a 500-room hotel and any reduction below 165,000 Leasable square in the number of square feet of retail uses permitted to be developed in the South Plan Area if Block 1 is developed with a 250-room hotel, as allowed by the Third OPA Amendment (these figures exclude 40,000 Leasable square feet of retail uses allocated under the Redevelopment Plan and the Option to Lease to the Hospital Expansion Parcels, and the Leasable square feet of retail uses allocated to Blocks X3, X4, and the affordable housing sites under the Redevelopment Plan);
3. any reduction below 3,980,000 Leasable square feet in the number of square feet of Commercial Industrial uses permitted to be developed in the South Plan Area (such figure excludes X3, X4 and the 1,020,000 Leasable square feet of Commercial Industrial uses allocated under the Redevelopment Plan and the Option to Lease for the Hospital Expansion Parcels), less the 500,000 gross square feet of Floor Rentable Area of development allocated to the Blocks 33/34 Expansion Property;
4. any reduction below 500 in the number of hotel rooms permitted to be developed in the South Plan Area if no Dwelling Units are constructed on Block 1, or any reduction below 250 in the number of hotel rooms if Dwelling Units are constructed on Block 1, as allowed by the Third OPA Amendment;
5. any reduction in the maximum number of parking spaces permitted on any such property in the South Plan Area below that presently permitted under the Mission Bay South Design for Development (including, but not limited to, any reduction below two parking

spaces for each 1,000 square feet of gross floor area for up to 1,734,000 square feet of gross floor area of life sciences, biotechnology, biomedical, or similar research facility uses within the South Plan Area);

6. any change in the number of the Agency Affordable Housing Units that may be developed as of the date of the Fifth OPA Amendment in the South Plan Area under the South OPA; or

7. any reduction below 96,000 square feet of institutional facility on Block 7 East that will include approximately 80 extended stay rooms and associated common area and program space and parking to support families of patients receiving treatment primarily at University of California at San Francisco Medical Center; or (b) similar nonprofit use, if approved by the Successor Agency Commission, as allowed by the Fourth OPA Amendment.