File No. 140423 Committee Item No. 11
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Completed by: Linda Wong **Date** May 9, 2014
Completed by: _____ **Date** _____

FILE NO. 140423 RESOLUTION NO.

[Consent to Property Transfer - Regents of the University of California - Mission Bay South Owner Participation Agreement]

Resolution consenting to the transfer of Assessor Block Nos. 33 and 34 in the Mission Bay South Plan Area to the Regents of the University of California, as a tax exempt entity, for the future development of up to 500,000 gross square feet in the Mission Bay South Redevelopment Project Area; and making environmental findings under the California Environmental Quality Act.

WHEREAS, The Board of Supervisors by Motion No. 98-132 (October 19, 1998) under the California Environmental Quality Act (CEQA) affirmed certification of the Final Subsequent Environmental Impact Report for the Mission Bay North and South Redevelopment Plans (FSEIR) and by Resolution No. 854-98, adopted CEQA findings, including a statement of overriding considerations and a Mission Bay mitigation monitoring and reporting program ("Mission Bay MMRP") in support of various approval actions taken by the Board to implement the Mission Bay North and Mission Bay South Redevelopment Plans. Resolution No. 854-98 is on file with the Clerk of the Board in File No. 140423 and incorporated in this Resolution by this reference; and

WHEREAS, The Board of Supervisors approved and adopted, by Ordinance No. 335-98 (November 2, 1998), the Mission Bay South Redevelopment Plan (the "South Plan") for the Mission Bay South Redevelopment Project Area (the "South Plan Area"); and

WHEREAS, The former Redevelopment Agency of the City and County of San Francisco ("Agency" or "Redevelopment Agency") approved, by Resolution No. 193-98, the Mission Bay South Owner Participation Agreement (the "South OPA") and related documents between Catellus Development Corporation, a Delaware corporation, and the Agency. FOCIL-MB, LLC, a Delaware limited liability company ("FOCIL" or "Owner" or "Master

Developer"), entered into an Assignment, Assumption and Release Agreement, dated November 22, 2004, under which FOCIL assumed the rights and obligations of the prior owner under the South OPA; and

WHEREAS, Subsequent to the certification of the FSEIR, the Agency and Planning Department have issued nine addenda to the FSEIR to address proposed changes to the Mission Bay project, none of which identify any substantial new information or new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR as a result of proposed changes to the Mission Bay project. When referenced below, the FSEIR refers to the 1998 FSEIR and addenda; and,

WHEREAS, The South OPA has been amended four times and when referenced below, the South OPA shall be deemed to incorporate such amendments; and

WHEREAS, State law dissolved redevelopment agencies on February 1, 2012 and established successor agencies to fulfill the remaining obligations of the former agencies, Cal. Health & Safety Code, Sections 34170 et seq. ("Redevelopment Dissolution Law"); and

WHEREAS, The Redevelopment Dissolution Law required creation of an oversight board to each successor agency ("Oversight Board"), which has authority to review and approve any amendment to an enforceable obligation, such as the South OPA Amendment, as defined below, if it finds that the amendment would be in the best interests of the affected taxing entities; further, the California Department of Finance (DOF) must receive notice and information about all Oversight Board actions, which do not take effect until DOF has either not requested additional review within five business days of the notice or requested additional review and approved the action within 40 days of its request for additional review ("DOF Approval"); and

WHEREAS, In accordance with Redevelopment Dissolution Law, the Board of Supervisors, as the legislative body of the successor agency, established by Ordinance 215-

12, the Successor Agency Commission for the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the "Successor Agency," also commonly known as the Office of Community Investment and Infrastructure, or "OCII"), and delegated to the Successor Agency Commission, among other powers, the authority to act in place of the Redevelopment Agency to implement, modify, enforce and complete surviving redevelopment projects, including, without limitation, three major integrated, multiphase revitalization projects, which are the Mission Bay North and Mission Bay South Projects, the Hunters Point Shipyard/Candlestick Point Project, and the Transbay Redevelopment Project (collectively, the "Major Approved Development Projects"), and which are subject to enforceable obligations requiring the implementation and completion of those projects. The Mission Bay South Project encompasses the South Plan Area; and

WHEREAS, On January 24, 2014, DOF finally and conclusively determined that the South OPA is an enforceable obligation pursuant to Health and Safety Code, Sections 34177.5(i); and

WHEREAS, With respect to the Major Approved Development Projects, Ordinance 215-12 granted the Successor Agency Commission authority to approve all contracts and actions related to the assets transferred to or retained by the Successor Agency, including, without limitation, the authority to exercise land use, development and design approval authority for the Major Approved Development Projects; and

WHEREAS, The authority of the Successor Agency Commission, with respect to the Major Approved Development Projects includes the authority to approve amendments to enforceable obligations as allowed under Redevelopment Dissolution Law, subject to any required approval by the Oversight Board and DOF, consistent with applicable enforceable obligations; and

WHEREAS, The Regents of the University of California (the "Regents") is under contract to purchase Assessor Block Nos. 33 and 34 of the South Plan Area from Bay Jarcaranda No. 3334 LLC ("Current Owner"), and intends to expand the facilities of the University of California at San Francisco (UCSF) in the South Plan Area by constructing a project on Assessor Block Nos. 33 and 34 that is consistent with the uses allowed under the South Plan and the allocation of square footage for the site contemplated by the FSEIR. While the Regents has not identified the final use of Assessor Block Nos. 33 and 34, the Regents is purchasing from the Current Owner the right to construct 500,000 gross square feet of development and all parking spaces allocable to Assessor Block Nos. 33 and 34 under the South Plan, South OPA, and related documents (which may not exceed 1.0 parking spaces for each 1,000 square feet of gross floor area); and

WHEREAS, 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 its educational purposes, as it intends to do with Assessor Block Nos. 33 and 34. However, the Regents is subject to third party contractual obligations that run with the land, such as the South OPA; and

WHEREAS, Assessor Block Nos. 33 and 34 are subject to the South Plan and the South OPA. Under Section 14.7(a) of the South OPA, prior to transfer of property to a tax exempt entity such as the Regents, the tax exempt entity or the party transferring the property to the tax exempt entity is required to enter into an agreement for payment in lieu of taxes ("PILOT Agreement") equal to the full amount of the property taxes that would have been assessed against the property notwithstanding such ownership by a tax exempt entity, or the written consent of the City and the Successor Agency in their respective sole discretion; and

WHEREAS, To effectuate the provisions of Section 14.7 of the South OPA, FOCIL has entered into and recorded a PILOT Agreement that is applicable to Assessor Block Nos. 33

and 34 and binding on its successors-in-interest to the property that requires any transferee of the property to obtain the consent of the Successor Agency and the City to transfer the property to a tax-exempt entity free of the PILOT Agreement; and

WHEREAS, On April 29, 2014, after holding a duly noticed public hearing and consistent with its authority under Redevelopment Dissolution Law and Ordinance 215-12, the Successor Agency Commission conditionally approved, by Resolution No. 30-2014, a Memorandum of Understanding ("MOU") between OCII and the Regents, a fifth amendment to the South OPA between OCII and FOCIL ("South OPA Amendment"), and a Release Agreement and Covenant Regarding Assumption of the South OPA with the Regents and the Current Owner ("Release Agreement"). The Successor Agency Resolution No. 30-2014 is on file with the Clerk of the Board of Supervisors in File No. 140423 and incorporated in this Resolution by this reference; and

WHEREAS, Under the terms of the MOU, OCII agreed to release the Regents from certain obligations under the South Plan, South OPA and the PILOT Agreement and agreed to release the Current Owner from the obligations under the PILOT Agreement, conditioned on the Regents' agreement to, among other things, (a) make an affordable housing payment ("Affordable Housing Payment") to OCII of $10.2 million, which exceeds the tax increment that OCII would have received from Assessor Block Nos. 33 and 34 if owned and developed by a taxable entity; (b) enter into an agreement with FOCIL regarding infrastructure ("Infrastructure Agreement") and make an infrastructure payment of $21.9 million ("Infrastructure Payment") to FOCIL, which is comparable to the tax increment that OCII would have received from Assessor Block Nos. 33 and 34 for infrastructure purposes if owned and developed by a taxable entity; (c) pay the special taxes under the community facility districts that the Assessor Block Nos. 33 and 34 are part of; (d) abide by certain requirements under the South Plan in developing Assessor Block Nos. 33 and 34, including without limitation, agreeing to

abide by the permitted land uses, height, setback, bulk, and development intensity controls for the site in the Redevelopment Plan; and (e) provide an agreement assuming obligations under the South OPA and related Plan Documents and a tax allocation promissory note in connection with any future transfer of Assessor Block Nos. 33 and 34 or use of Assessor Block Nos. 33 and 34 for purposes other than the Regents educational mission. To implement certain of the terms of the MOU, FOCIL and OCII will enter into the South OPA Amendment and OCII, the Regents and Current Owner will enter into a Release Agreement; and

WHEREAS, Under the terms of the South OPA Amendment, OCII and FOCIL agreed, among other things, (a) to suspend the requirement that a transferee assume all of the transferor's obligations under the South OPA with respect to transferred property; (b) that OCII will consent to the transfer of Assessor Block Nos. 33 and 34 by the Current Owner to the Regents, subject to the requirements of the MOU being met; (c) to release the Current Owner from certain obligations under the South OPA pertaining to Assessor Block Nos. 33 and 34; and (d) that FOCIL will apply the Infrastructure Payment toward the cost of infrastructure that would otherwise be reimbursable from the Successor Agency from tax increment, all conditioned on OCII's receipt of the Affordable Housing Payment and FOCIL's receipt of the Infrastructure Payment and execution of the MOU and Infrastructure Agreement by the applicable parties; and

WHEREAS, Under the terms of the Release Agreement, OCII agreed to, (a) suspend the effects of the South Plan, the South OPA, and other Plan documents so long as and to the extent that Assessor Block Nos. 33 and 34 are used in furtherance of UCSF's educational mission; and, (b) consent to the termination of the existing PILOT Agreement. The Release Agreement provides that the South Plan, South OPA and other Plan Documents will "spring back" into effect if Assessor Block Nos. 33 and 34 are not used for

such purposes, and at OCII's request the Regents will then provide an agreement assuming the obligations under such documents together with a tax allocation promissory note and a new PILOT Agreement. Because the City's consent is required under the South OPA for any transfers that are not subject to a PILOT Agreement, the Successor Agency Commission's approval of the Release Agreement was conditioned on approval by the Board of Supervisors of the transfer to the Regents of Assessor Block Nos. 33 and 34; and

WHEREAS, The South OPA Amendment and Release Agreement (the "Agreements") will allow the acquisition of the Regents' of Assessor Block Nos. 33 and 34 to proceed. The acquisition and subsequent development of Assessor Block Nos. 33 and 34 will provide significant public benefits to OCII, the City, and other taxing agencies, including: (a) an Affordable Housing Payment that exceeds the amount of tax increment that would have been collected if Assessor Block Nos. 33 and 34 were developed by a taxable owner; (b) immediately available funds for the production of affordable housing and infrastructure, thereby accelerating the completion of development under the South Plan, the South OPA, and related enforceable obligations; and (c) the likely consolidation of UCSF's operations and relocation from remote locations in San Francisco, thereby potentially returning these other properties to the City tax rolls and generating new general fund revenues to the City and tax revenues for the other taxing agencies. The Agreements do not propose any new capital expenditures by OCII or any change in OCII's overall method of financing the redevelopment of the South Plan Area. Rather, the Agreements will accelerate the completion of development under the South Plan and the South OPA; and

WHEREAS, Since the MOU, South OPA Amendments and Release Agreements together provide that OCII will release the Regents from certain obligations under the South Plan, South OPA and the PILOT Agreement and release the Current Owner from the

obligations under the PILOT Agreement, conditioned on the Regents' agreement to, among other things, make an affordable housing payment ("Affordable Housing Payment") to OCII of $10.2 million, in a related action, the Board of Supervisors, in its capacity as the legislative body of the Successor Agency by Resolution No. 30-2014, on file with the Clerk of the Board in File No. 140423, is asked to consent to the terms of the MOU, South OPA Amendments and Release Agreement as they relate to the Affordable Housing Payment in lieu of a PILOT Agreement that is designed to avoid any material change in the South OPA obligations to provide affordable housing; and

WHEREAS, Consent by the Board of Supervisors to the transfer of Assessor Block Nos. 33 and 34 is an undertaking pursuant to and in furtherance of the South Plan in conformance with CEQA Guidelines Section 15180; and

WHEREAS, The Budget and Finance Committee of the Board of Supervisors held a public hearing on _____, on the proposed transfer of Assessor Block Nos. 33 and 34 to the Regents. The hearing has been closed. The Board has considered the report and recommendations of the Successor Agency and the FSEIR, including the various addenda thereto in accordance with CEQA, and the CEQA Findings, including without limitation the statement of overriding considerations and Mission Bay MMRP that it previously adopted in Resolution No. 854-98, and all evidence and testimony for and against the proposed transfer of Assessor Block Nos. 33 and 34 to the Regents; now, therefore, be it

RESOLVED, That the Board has reviewed and considered the CEQA Findings, including the statement of overriding considerations and the Mission Bay MMRP that it previously adopted in Resolution No. 854-98, and hereby adopts these CEQA Findings in support of the transfer of Assessor Block Nos. 33 and 34 to the Regents. The Board additionally finds that: (a) consent to the transfer of Assessor Block Nos. 33 and 34 to the Regents does not require major revisions in the FSEIR due to the involvement of new

significant environmental effects or a substantial increase in the severity of previously identified significant effects; (b) no substantial changes have occurred with respect to the circumstances under which the project analyzed in the FSEIR will be undertaken that would require major revisions to the FSEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FSEIR; and (c) no new information of substantial importance to the project analyzed in the FSEIR has become available which would indicate that (1) the transfer of Assessor Block Nos. 33 and 34 to the Regents will have significant effects not discussed in the FSEIR; (2) significant environmental effects will be substantially more severe; (3) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (4) mitigation measures or alternatives which are considerably different from those in the FSEIR will substantially reduce one or more significant effects on the environment; and, be it

FURTHER RESOLVED, That the Board of Supervisors conditionally consents, under Section 14.7 (a) (iii) of the South OPA, to the transfer of Assessor Block Nos. 33 and 34 to the Regents subject to approval of the South OPA Amendment by the Oversight Board and DOF and in accordance with the terms of the MOU, South OPA Amendment and Release Agreement on file with the Board in File No. 140423.

Item 11 File 14-0423 *(Continued from April 30, 2014)*	**Department:** Office of Community Investment and Infrastructure (OCII)

EXECUTIVE SUMMARY

Legislative Objectives

- File 14-0423 is a resolution consenting to the transfer of Blocks 33 and 34 in the Mission Bay South Plan Area to the Regents of the University of California, as a tax exempt entity, for the future development of 500,000 gross square feet in the Mission Bay South Redevelopment Project Area; and making environmental findings under the California Environmental Quality Act (CEQA).

Key Points

- Mission Bay consists of 303 acres between San Francisco Bay and Interstate 280, and is divided into two redevelopment project areas: North Plan Area and South Plan Area. The University of California originally acquired parcels in Mission Bay to develop the University of California San Francisco (UCSF) Campus Site. The University is now proposing to acquire two additional parcels in the South Plan Area, Blocks 33 and 34, to develop office buildings and parking.
- Under the South Plan Area Owner Participation Agreement (South OPA) between the Office of Community Investment and Infrastructure (OCII), which is the Successor Agency to the former Redevelopment Agency, and FOCIL-MB, LLC (FOCIL), the South Plan Area master developer, tax-exempt entities acquiring parcels in the South Plan Area must make payments in lieu of taxes (PILOT) to OCII in the amount of property tax increment that the parcels would otherwise generate. Under the California Constitution, the University of California is not required to pay property taxes, but would be required to make the PILOT under the third-party contractual agreement (the South OPA) between OCII and FOCIL.
- Under the proposed resolution, the University of California would make two one-time payments totaling $32,100,000 rather than make the PILOT required by the South OPA: $21,900,000 to FOCIL to pay a share of the costs of public infrastructure, and $10,200,000 to OCII to pay a share of costs for affordable housing.
- OCII and the Mayor's Office of Economic and Workforce Development are recommending that the University of California be released from the requirement to pay a PILOT for Blocks 33 and 34, but instead make one-time payments for affordable housing and public infrastructure, because of the public benefits that would be generated by UCSF development on Blocks 33 and 34.

Fiscal Impact

- According to an analysis prepared by ALH Urban and Regional Economics, the net present value of the incremental property taxes is $39,778,228, which is $7,678,228 more than the one-time payments to be made by the University of California of $32,100,000
- As a property tax exempt entity, UCSF does not pay property taxes on leased or owned property. Therefore, for leased space UCSF receives a property tax exemption, which effectively reduces the property taxes paid for the associated buildings. Based on the analysis provided by ALH Economics, the relocation of UCSF to Mission Bay will generate additional property tax revenues with an estimated net present value of $16,203,704, which $8,525,476 more than the net loss to OCII of $7,678,228 under the proposed resolution, as noted above. Therefore, the Budget and Legislative Analyst recommends approval of the proposed resolution.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

The Mission Bay South Owner Participation Agreement Section 14.7, between the Office of Community Investment and Infrastructure (the Successor Agency to the former San Francisco Redevelopment Agency) and FOCIL-MB, LLC (the Mission Bay South Redevelopment Project Area master developer) requires the consent of the Board of Supervisors to transfer property to a tax exempt entity if a payment in lieu of taxes will not be required.

Background

Mission Bay South Plan Area

Mission Bay consists of 303 acres of land on the east side of the City between the San Francisco Bay and Interstate 280. Development consists of new housing units, commercial space and retail space, the University of California San Francisco (UCSF) research campus and medical center, open space and public facilities, and other development.

Mission Bay is divided into two redevelopment project areas: the Mission Bay North Redevelopment Project Area (North Plan Area) and the Mission Bay South Redevelopment Project Area (South Plan Area).

The Mission Bay South Redevelopment Plan (South Plan) describes the development in the South Plan Area, which contains a mix of primarily residential, retail and commercial/industrial uses, as well as the UCSF research campus and medical center. Development of the South Plan Area is governed by the South Plan, the Mission Bay South Owner Participation Agreement (South OPA) between the Office of Community Investment and Infrastructure (OCII) and the master developer for the Mission Bay South Redevelopment Project Area, FOCIL-MB, LLC (FOCIL), as well as other related documents.

The South OPA requires FOCIL to construct the public infrastructure, consisting of right-of-way, utilities and other infrastructure directly related to each of the major phases of development under the South Plan. Under the South OPA, and the related Mission Bay South Tax Increment Allocation Pledge Agreement between the former San Francisco Redevelopment Agency and the City (Pledge Agreement), OCII is obligated to reimburse FOCIL for the direct and indirect costs of constructing the public infrastructure using property tax increment generated within the South Plan Area.

The Pledge Agreement also dedicates approximately 20 percent of the total property tax increment generated by development in Mission Bay to implement the affordable housing program contemplated by the South Plan. OCII will ultimately construct 1,108 affordable units in the South Plan Area on land donated to OCII by FOCIL. The units will target low income families, formerly homeless families and individuals, and seniors.

Under Redevelopment Dissolution Law, amendments to enforceable obligations, such as the South OPA, must include findings that the amendment creates a benefit to the affected taxing entities. In addition, under Redevelopment Dissolution Law, OCII is required to allocate funds

that it receives to the fulfillment of its enforceable obligations, which in Mission Bay South includes public infrastructure and affordable housing.

DETAILS OF PROPOSED LEGISLATION

File 14-0423 is a resolution consenting to the transfer of Blocks 33 and 34 in the Mission Bay South Plan Area to the Regents of the University of California, as a tax exempt entity, for the future development of 500,000 gross square feet in the Mission Bay South Redevelopment Project Area; and making environmental findings under the California Environmental Quality Act (CEQA).

Transfer of Blocks 33 and 34 to the University of California

Under the proposed resolution, the Board of Supervisors would conditionally consent (as discussed below) to the transfer of Blocks 33 and 34 in the South Plan Area to the University of California. The University of California currently owns parcels in the South Plan Area, shown in the attached map (Exhibit A), that house the UCSF education and research facilities and medical center. Under the proposed resolution, two additional parcels - Blocks 33 and 34 shown in Exhibit A - would be transferred from the current property owner, Bay Jacaranda No. 3334 LLC (Bay Jacaranda), an affiliate of Salesforce.com, Inc., to the University of California for the expansion of UCSF's facilities.

Under the California Constitution, the University of California is exempt from local land use and redevelopment regulations and from local property taxes where the University uses its property for furtherance of its educational mission. However, the University of California is subject to third party contractual obligations, such as the South OPA between OCII and FOCIL.

Requirements of South OPA Section 14.7

Section 14.7 of the South OPA states that prior to the transfer of property in the South Plan Area to a tax-exempt entity, such as the University of California, the tax exempt entity or the party transferring the property to the tax exempt entity (in this case, Bay Jacaranda), is required to take one of the following actions:

- Enter into an agreement for payment in lieu of taxes (PILOT) equal to the full amount of the property taxes that would have been assessed against the property notwithstanding such ownership by a tax exempt entity; or
- Obtain the written consent of OCII and the City.

The OCII Commission will consider a Memorandum of Understanding (MOU) with the University of California at the April 29, 2014 meeting. Under the proposed MOU, OCII would release the University of California from certain obligations of the South Redevelopment Plan, the South OPA, and the PILOT Agreement, including release from paying the PILOT, if the University of California makes one-time payments totaling $32,100,000 as follows:

- A one-time payment of $21,900,000 by the University of California to FOCIL, the master developer, to be used by FOCIL to pay for a share of the costs of public infrastructure in the South Plan Area; and

- A one-time payment of $10,200,000 by the University of California to OCII for the development of affordable housing in the South Plan Area

The University would pay special taxes authorized by Community Facilities District No. 5 to fund park and open space maintenance and by Community Facilities District No. 6 to fund infrastructure costs in the South Plan Area.[1]

OCII and FOCIL would enter into a Fifth Amendment to the South OPA that would (1) consent to the transfer of Blocks 33 and 34 by Bay Jacaranda to the University of California, subject to the requirements of the MOU, and (2) release Bay Jacaranda from certain obligations under the South OPA pertaining to Blocks 33 and 34, conditioned on the one-time payments by the University of California for affordable housing and public infrastructure.

Under the proposed resolution, the Board of Supervisors would conditionally consent, under Section 14.7 of the South OPA, to the transfer of Blocks 33 and 34 from Jacaranda to the Regents of the University of California. The University of California would not be required to make a payment in lieu of taxes to OCII on the condition that the University makes a one-time payment of $32.1 million for affordable housing and public infrastructure, subject to approval of the Fifth Amendment to the South OPA by DOF and in accordance with the terms of the MOU, Fifth Amendment to the South OPA, and Release Agreement.

Final Subsequent Environmental Impact Report

The Board of Supervisors approved the CEQA findings for the Mission Bay South Redevelopment Plans in October 1998 (File 98-1427). According to Ms. Catherine Reilly, OCII Project Manager, OCII has determined that the MOU, Fifth Amendment, and Release Agreement are within the scope of the Mission Bay South Redevelopment Plan analyzed in the 1998 Final Subsequent Environmental Impact Report.

FISCAL IMPACT

Under the proposed MOU, Fifth Amendment, and Release Agreement, the University of California would not make a payment in lieu of taxes to OCII, but rather would make two one-time payments, totaling $32,100,000 as follows:

- $10,200,000 to OCII for affordable housing; and
- $21,900,000 to FOCIL for public infrastructure.

OCII hired ALH Urban and Regional Economics (ALH Economics) to compare the benefit of the $32,100,000 one-time payments to ongoing payments in lieu of taxes to OCII over 30 years to 2043, which is the last date that OCII can collect tax increment to pay for affordable housing and infrastructure bonds.

[1] The State Legislature adopted the Community Facilities Act in 1982 (also known as Mello Roos), enabling local governments to establish community assessment districts, in which property owners in the district are assessed additional funds to pay for public infrastructure and facilities.

The preliminary development program for Blocks 33 and 34, proposed by UCSF and analyzed by ALH Economics, consists of two phases. Phase I is the development of an office building to be completed in approximately 2017, and a parking garage to be completed in approximately 2021. Phase II is the development of an additional office building consisting of medical and other offices to be completed in approximately 2022. ALH Economics estimated that the incremental increase in assessed property value from Phase I and Phase II development is $336.4 million.

According to ALH Economics, the net present value of the incremental property taxes is $39,778,228, which is $7,678,228 more than the one-time payments to be made by the University of California of $32,100,000, as shown in Table 1 below.

Table 1: Net Present Value of Payment in Lieu of Taxes

Estimated PILOT over 30 Years (Net Present Value)	$39,778,228
Affordable Housing One-Time Payment	10,200,000
Infrastructure One-Time Payment	21,900,000
Total One Time Payments	32,100,000
Difference	$7,678,228

Source: ALH Economics

According to Ms. Catherine Reilly, OCII Project Manager, Section 14.7 of the South OPA only requires a PILOT during the life of the South OPA, which ends in 2043. Ms. Reilly states that the intent was to have the tax exempt entity make the payment in lieu of taxes to OCII during the life of the South Plan so that OCII could finance the public infrastructure and affordable housing.

Community Facilities Districts

Under the proposed resolution, the University of California would pay assessments to Community Facilities Districts No. 5 and No. 6, as noted above. The amount of the assessment would be based on the obligations of the community facility district, which generally would be the debt service on the special tax bonds issued by the community facility district, and the apportionment of the obligations among the property parcels contained in the community development district.

Development Impact Fees/ Transfer Taxes

The University of California is exempt from payment of development impact fees and transfer taxes under the California Constitution.

POLICY CONSIDERATION

As noted above, under the California Constitution, the University of California is exempt from local land use and redevelopment regulations and from local property taxes where the University uses its property for furtherance of its educational mission. However, the South OPA requires tax-exempt entities such as the University of California to enter into an agreement for payment in lieu of taxes (PILOT) equal to the full amount of the property tax increment that otherwise would have been assessed.

The University of California's Long Range Development Plan calls for a UCSF campus to be located in Mission Bay that includes UCSF medical facilities and housing for staff and students. The City and County of San Francisco, along with Catellus Development Corporation, which was the master developer for Mission Bay North and South at the time the South Plan was adopted, conveyed 43 acres to the University of California for the UCSF campus, which consists of UCSF educational and medical facilities and housing for students and staff. The UCSF Campus Site is not covered by either the Mission Bay North or the Mission Bay South Owner Participation Agreements, and therefore the University of California is not required to pay a PILOT for this property.

In addition to the UCSF Campus Site, the University of California acquired Blocks 36 through 39 and X3 in the South Plan Area for expansion of UCSF medical facilities. These parcels are not subject to the PILOT Agreement under the Mission Bay South OPA. However, while not subject to a PILOT or Section 14.7 of the South OPA, UCSF entered into agreements with the former San Francisco Redevelopment Agency and the master developer to address the loss of property tax increment for both affordable housing and public infrastructure related to Blocks 36 through 29 and X3.

According to Ms. Reilly, OCII and the Mayor's Office of Economic and Workforce Development are recommending that the University of California be released from the requirement to pay a PILOT for Blocks 33 and 34, but instead make one-time payments for affordable housing and public infrastructure, because of the public benefits that would be generated by UCSF development on Blocks 33 and 34. These benefits include: (1) generation of jobs by UCSF, which is one of San Francisco's largest employers; (2) UCSF's role as a catalyst for the developing biotechnology industry; (3) education and health services provided by UCSF; (4) UCSF's investments in the Campus Site and Blocks 36 through 39 and X3; and (5) facilitating the completion of the affordable housing and infrastructure programs of the South OPA.

According to an analysis prepared by ALH Economics based on information provided by UCSF, transfer of UCSF facilities from existing leased space to the proposed space at Blocks 33 and 34 could result in increased property tax payments from the existing leased space with a net present value of $16.2 million

Subsequent to the April 30, 2014 Budget and Finance Committee meeting, OCII engaged ALH Economics to review UCSF's analysis of property tax revenues that would accrue to the City from leased space formerly occupied by UCSF. According to ALH Economics, as a property tax exempt entity, UCSF does not pay property taxes on leased or owned property. Therefore, for

leased space UCSF receives a property tax exemption, which effectively reduces the property taxes paid for the associated buildings.

ALH Economics concurred with the UCSF analysis that vacation of the existing leases by UCSF would result in increased property tax revenues when the subject space is leased to new tenants. The Budget and Legislative Analyst prepared the following table based on the ALH Economics analysis.

Table 2: Net Present Value of Property Taxes Generated by Leased Space Currently Occupied by UCSF

Property	Lease Expiration	Square Feet	Net Present Value Property Taxes 2015 to 2035
Office Space			
China Basin Radiology and Imaging Center	2018	75,644	$5,256,162
220 Montgomery Street	2018	38,678	858,233
250 Executive Park	2018	42,438	781,534
Subtotal, 2018 Expiration		156,760	6,895,928
185 Berry Street	2022	43,076	2,626,251
1500 Owens Street	2022	43,028	1,441,707
Subtotal, 2022 Expiration		86,104	4,067,958
Subtotal, Office Space		242,864	$10,963,886
Clinical Space			
185 Berry Street	2022	55,120	$3,360,586
1500 Owens Street	2022	56,086	1,879,231
Subtotal, Clinical Space		111,206	$5,239,817
Total Office and Clinical		**354,070**	**$16,203,704**

Source: Budget and Legislative Analyst, based on ALH Economics analysis

According to ALH Economics, the net present value calculation of the property taxes generated by the subject leased space would be less if the space were leased to nonprofit tenants after UCSF vacated the space or the property values declined.

According to Ms. Maher, based on representations by UCSF, the development of the UCSF Campus Site and associated space at Mission Bay has sufficient square footage to allow relocation of UCSF from the existing leased space to the new space at Mission Bay.

According to ALH Economics, of the estimated property tax revenues with net present value of $16.2 million, $6.6 million would accrue to the City's General Fund and the balance would accrue to other City funds, regional taxing entities, and tax increment to OCII, as shown in Table 3 below.

Table 3: Distribution of Property Tax Revenues Generated by Leased Space Currently Occupied by UCSF

Distribution	Property Tax
City Revenues	
General Fund	$6,598,709
Children's Fund	349,828
Library Preservation Fund	291,523
Open Space Preservation Fund	291,523
County Office of Education	11,351
General Obligation Bonds Debt Service	1,629,639
Subtotal, City Revenues	$9,172,574
Other Taxing Entities	
Educational Revenue Augmentation Fund	$2,953,726
San Francisco Community College District	415,759
San Francisco Unified School District	1,482,720
Bay Area Air Quality Management District	24,317
Bay Area Tax Increment	176,055
Subtotal, Other Taxing Entities	$5,052,576
OCII [a]	
Affordable Housing	$527,614
Infrastructure	1,450,939
Subtotal, OCII	$1,978,553
Total	**$16,203,704**

Source: Budget and Legislative Analyst, based on ALH Economics analysis

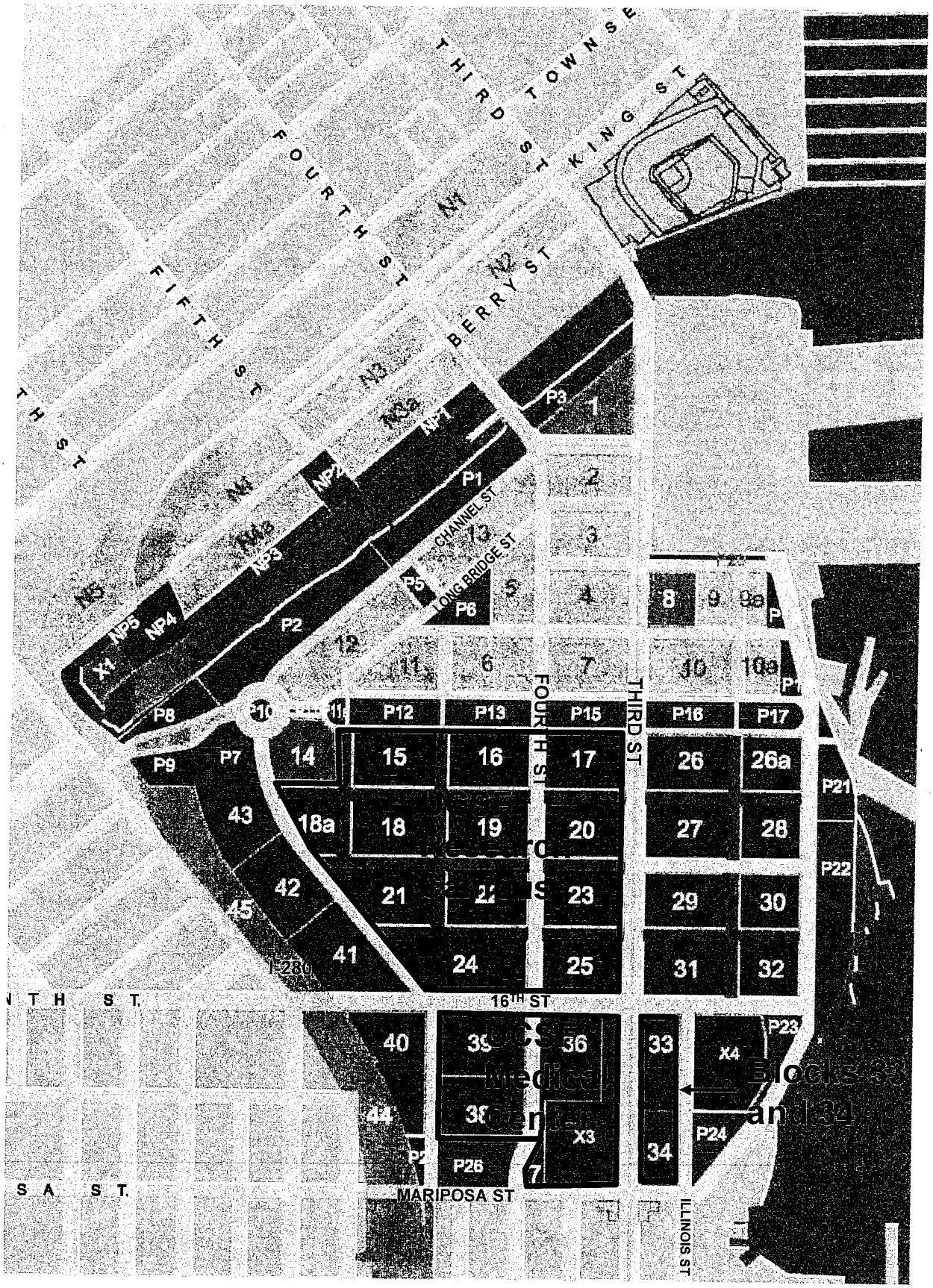
[2] 1500 Owens Street, currently occupied by UCSF, is located in Mission Bay South, and therefore generates property tax increment that accrues to OCII as the former San Francisco Redevelopment Agency.

Based on the analysis provided by ALH Economics, the relocation of UCSF to Mission Bay will generate additional property tax revenues with an estimated net present value of $16,203,704, which $8,525,476 more to the taxing entities than the net loss to OCII of $7,678,228 under the proposed resolution, as noted above. Therefore, the Budget and Legislative Analyst recommends approval of the proposed resolution.

RECOMMENDATION

Approve the proposed resolution.

Exhibit A



Mission Bay South Location Map

Wong, Linda (BOS)

From: Maher, Christine (OCII)
Sent: Tuesday, May 06, 2014 4:02 PM
To: Wong, Linda (BOS)
Subject: Fwd: UCSF Lease Analysis - File No. 140423
Attachments: Final ALH Economics UCSF Lease Analysis Memo May 6, 2014.pdf; ATT00001.htm

Linda,

Can you please add the attached to the Board File for UCSF Blocks 33-34? It was prepared in response to a question from Supervisor Breed at last week's hearing.

Thank you,

Christine Maher
Development Specialist
Office of Community Investment and Infrastructure
Successor Agency to the San Francisco Redevelopment Agency
One South Van Ness Avenue
San Francisco, CA 94103

(415) 749-2481 phone
(415) 749-2526 fax
christine.maher@sfgov.org

ALH Urban & Regional Economics

2239 Oregon Street
Berkeley, CA 94705
510.704.1599
aherman@alhecon.com

MEMORANDUM

To: Catherine Reilly, Project Manager, Office of Community Investment and Infrastructure

From: Amy L. Herman, Principal

Date: May 6, 2014

Re: NPV of Assessed Values for Leased Spaces Returned to Tax Rolls after UCSF Leases Expire and Occupants Relocate to Blocks 33/34

Introduction

On April 15, 2014 ALH Urban & Regional Economics ("ALH Economics") prepared a letter to the Office of Community Investment and Infrastructure ("OCII"), Successor Agency to the Redevelopment Agency of the City and County of San Francisco, providing a Net Present Value "(NPV") Tax Increment Analysis of UCSF's planned Mission Bay Blocks 33/34 development program. The purpose of this analysis was to demonstrate how UCSF's proposed $10.2 million payment to OCII in lieu of the required Tax Payment pursuant to the Mission Bay South Owner Participation Agreement and PILOT Agreement compared to the total amount of tax payments that would be made pursuant to these agreements. As part of this analysis ALH Economics reviewed similar analysis conducted by Economic Planning Systems, Inc. ("EPS") on behalf of UCSF and provided a comparative analysis to the EPS findings.

EPS subsequently prepared a different type of NPV analysis for UCSF relevant to Blocks 33/34. This analysis references leases on existing San Francisco office buildings that UCSF will vacate when the leases expire and potentially relocate the occupants into the completed buildings at Blocks 33/34. As a property tax exempt entity, UCSF does not pay property taxes on leased or owned property. Therefore, for leased space UCSF receives a property tax exemption, which effectively reduces the property taxes paid for the associated buildings. The EPS analysis assumes that when UCSF's leases expire the spaces will be leased to tax-paying entities and the property taxes associated with these portions of the buildings will again accrue to the recipients of property taxes generated by San Francisco properties. EPS estimated the total property tax payment for each space and conducted an NPV analysis of the value of the resulting property tax payments over a 30-year time period, which is approximately equal to the timeframe for the NPV analysis of the Blocks 33/34 PILOT Agreement.

EPS NPV Lease Expiration Analysis

The steps involved in the EPS UCSF lease expirations NPV analysis, which is included as Appendix 1, are as follows:

- Identify the buildings leased by UCSF which have leases that will expire during the time frame relevant to occupant relocation to the new development at Blocks 33/34;
- Identify the amount of leasable square feet per building and lease expiration date;
- Identify the property tax exemptions provided to UCSF for select leased spaces;
- Compute the implied share of each building's assessed valuation associated with the leased space;
- Estimate the assessed valuation upon expiration of the UCSF lease;
- Estimate the assessed valuation of leased building space returned to the tax roll by year for the 30-year time period 2015 to 2045;
- Estimate the total property tax payments associated with the assessed valuation returned to the tax roll;
- Calculate the NPV of the annual property tax payments from 2015 to 2035.

The EPS analysis was conducted for leases expiring in 2014 and 2015, 2018, and 2022. The two buildings planned for the Blocks 33/34 development program are anticipated to be completed in 2017 and 2022. Therefore, only the leases expiring in 2018 and 2022 comprise leases that could generate property taxes when subsequently leased to other tenants. Pursuant to EPS's analysis, the NPV of the future property tax payments associated with these leases is $16.2 million.

ALH Economics Review of EPS Analysis

In response to questions raised at the April 30, 2014 hearing of the Board of Supervisor's Budget and Finance Committee, OCII requested that ALH Economics review and conduct due diligence on the EPS analysis. Accordingly, ALH Economics finds that the structure of the analysis appears sound. The 6.5% discount rate included in the analysis is consistent with the discount rate used by EPS in the firm's earlier Blocks 33/34 analysis and is deemed appropriate given OCII's cost of funds (see discussion in the ALH Economics April 15, 2014 letter report) and the level of risk associated with leasing office space in San Francisco. The 1.188% property tax rate is consistent with the 1.0% baseline property tax rate set by Proposition 13 and the City's current override rate of 0.1880%.[1]

ALH Economics has not reviewed source information separate from EPS's representation regarding the leased spaces and lease expiration dates. Nor has ALH Economics viewed source data regarding the value of UCSF's property tax exemptions. However, UCSF Director of Real Estate Esther Morales provided a Declaration dated May 2, 2014 stating that she had personal

[1] The 0.1880% override rate changes year-to-year based upon the amount of money needed to pay general obligation debt service from the various taxing entities.

knowledge of the facts set forth within the Declaration, which included a "true and correct copy of the Leased Space Property Analysis prepared by Economic & Planning Systems, Inc. which contains an analysis of property tax revenue that would be generated from current space leased by UCSF throughout the County of San Francisco if such leased space is returned to the tax rolls upon expiration of such leases."[2] UCSF also separately provided a spreadsheet with the property tax exemption amounts and provided copies of the secured property tax bills for fiscal year 2013-2014 for all the buildings referenced in the EPS lease expiration analysis. ALH Economics independently researched the square footage of each building and estimated the share of leased space occupied by UCSF.[3] These shares were applied to the property tax payment for each building and summed across all leases to result in an independent estimate of the share of property taxes allocated to the space occupied by UCSF. The resulting aggregate figure varied by less than 5% from the aggregate property tax exemption referenced in the EPS analysis. This comparability generally validates the property tax exemption figures provided by UCSF and included in the EPS analysis.

Based on ALH Economics' review and analysis, ALH Economics finds the $16.2 million estimate to be an accurate estimate of the NPV of property tax revenue that would be generated from subsequent leasing of space with leases set to expire in 2018 and 2022, pursuant to several caveats, as follows. The ALH Economics finding assumes that the information about UCSF's leases is accurate, as ALH Economics was not able to independently verify this information. The EPS analysis assumes that the space leased by UCSF is fully leased the first year following UCSF's lease expiration date. This may be an aggressive assumption, and if the spaces incur interim vacancy the NPV value may be lower, as it may impact the value of the property and thus the amount of property tax payments. The EPS analysis further assumes that subsequent tenants will all be tax-paying entities, instead of other tenants equally exempt from property tax payments, such as any number of non-profit entities. Another assumption embedded in the EPS analysis is that the property values will stay the same over time with the exception of the 2.0% per year allowable increase in assessed valuation pursuant to Proposition 13. If the values instead decline, then the property tax payments will be lower and the NPV will also be correspondingly lower.

Distribution of Property Tax

If none of these caveats are borne out, then the $16.2 million figure over 30 years reflects the estimated NPV of the **total** property tax payments made on the spaces currently leased to UCSF. Not all these funds will accrue to the General Fund of the City and County of San Francisco, with other property tax recipients including Special Funds in San Francisco (such as Childrens' Fund, Library Preservation Fund, and Open Space Acquisition Fund), school districts (local and community college), BART, the Bay Area Air Quality Management District, and the

[2] Declaration of UCSF Director of Real Estate Services Esther Morales in Support of Consent to Property Transfer (Blocks 33/34) – Regents of the University of California, page 1.

[3] The resources used to obtain the square footages included Realquest, Eastdil Secured, and documents on file with the SEC. Buildings for which only gross square feet were available were assumed to comprise 80% leasable space.

Educational Revenue Augmentation Fund,[4] among others. Appendix 2 presents the Fiscal Year 2013-14 distribution of property taxes in San Francisco. This appendix indicates that of all the property tax revenues collected for most San Francisco properties, pursuant to the total 1.188% tax rate, 47.6% of the total tax amount accrues to the City and County of San Francisco General Fund. However, this percentage, as well as the percentages that accrue to other funds and taxing entities, is not pertinent to properties in the former Mission Bay South Redevelopment Project Area, where one of the properties analyzed by EPS is located.

In its materials EPS identified the location of each leased space whose occupants could potentially be relocated to the new development at Blocks 33/34. This includes four buildings, one of which is 1500 Owens Street, which is located in Mission Bay South. Property taxes generated by buildings located in the former Mission Bay South Redevelopment Project Area are distributed in a different manner than buildings located in most of the rest of San Francisco. This distribution is depicted in the analysis documented in the ALH Economics April 15, 2014 letter report regarding the NPV Tax Increment Analysis of UCSF Mission Bay Blocks 33/34, Exhibit 5C. As shown in this exhibit, of the basic 1.0% property tax amount, OCII generally receives 20% of the property tax revenue for affordable housing, FOCIL receives approximately 55% for infrastructure reimbursement, and the 25% balance is passed through to other taxing entities.

ALH Economics calculated the distribution of the NPV of property taxes for the leased properties. This included the properties subject to the property tax distribution presented in Appendix 2 as one set of properties and, separately, 1500 Owens Street. Based upon the EPS analysis, the total $16.2 million in estimated NPV property taxes comprises $13.0 million for all the buildings excluding 1500 Owens Street and $3.1 million for 1500 Owens Street.[5] The distribution of the property tax revenues for these two sets of properties is presented in Table 1 on the following page. The distribution for the set of buildings excluding 1500 Owens Street is based upon the current AB8 factors for the City and County of San Francisco as identified in Appendix 2.

The property tax distribution findings indicate that of the $16.2 million NPV of total property tax payments, $6.6 million will accrue specifically to the City and County's General Fund. Yet other funds and taxing entities will receive tax revenues that were not previously received. These include $2.6 million accruing to other City and County Funds (excluding OCII), $0.5 million accruing to OCII, $5.0 million accruing to other taxing entities, and $1.5 million accruing to FOCIL for infrastructure reimbursement.

[4] ERAF funds are generally divided between SFUSD, City College of San Francisco, and the County Office of Education, with a couple additional deductions to backfill revenues the State of California keeps from sales taxes (called the "triple-flip") and from the vehicle license fee.

[5] This division was determined by ALH Economics manipulation of the EPS model.

Table 1. UCSF Leased Space NPV Distribution of Property Tax Revenues (at 1.188% total property tax rate)

Funds	Tax Rate	Revenue Share	Leased Space NPV Distribution: All Exc. Owens St. (1)	Leased Space NPV Distribution: Owens St. (2)	Leased Space NPV Distribution: Total
City and County of San Francisco					
General Fund	0.5659	47.6%	$6,205,993	$372,040	$6,578,033
Other City and County Funds					
General City Bond Debt Fund (3)	0.1195	10.1%	$1,310,325	$314,208	$1,624,533
Childrens' Fund	0.0300	2.5%	$329,008	$19,724	$348,732
Library Preservation Fund	0.0250	2.1%	$274,173	$16,436	$290,610
Open Space Preservation Fund	0.0250	2.1%	$274,173	$16,436	$290,610
County Superintendent of Schools	0.0010	0.1%	$10,675	$640	$11,315
Subtotal Other City and County	0.2005	16.9%	$2,198,355	$367,444	$2,565,799
OCII (Affordable Housing)	NA	NA	NA	$525,961	$525,961
Others					
Other Taxing Entities (4)					
Educational Revenue Augmentation Fund	0.2533	21.3%	$2,777,938	$166,533	$2,944,471
San Francisco Community College District	0.0326	2.7%	$357,273	$57,183	$414,456
San Francisco Unified School District	0.1199	10.1%	$1,314,672	$163,402	$1,478,074
Bay Area Air Quality Management District	0.0021	0.2%	$22,870	$1,371	$24,241
Bay Area Rapid Transit District	0.0138	1.2%	$151,621	$23,882	$175,503
Subtotal Other Taxing Entities	0.4217	35.5%	$4,624,374	$412,371	$5,036,745
FOCIL (Infrastructure)	NA	NA	NA	$1,446,393	$1,446,393
Total	1.1880	100.0%	$13,028,722	$3,124,209	$16,152,931

Source: ALH Urban & Regional Economics.

(1) The tax revenues per fund are distributed pursuant to the Revenue Share column, which is the same as the Revenue % column in Appendix 2. These percentages pertain to the fully loaded property tax rate of 1.188, with 1.0% comprising the base amount and 0.188 comprising bond fund payments.

(2) See Appendix 3 for the revenue calculations per fund.

(3) This amount would change on an annual basis, depending upon the amount of money needed to pay general obligation debt service from the various taxing entities.

(4) Includes bond fund payments for SFCCD, SFUSD, and BART.

Summary

In summary, assuming leased space vacated by UCSF is subsequently leased to tax-paying entities, development and occupation of new buildings for UCSF's use in Blocks 33/34 in Mission Bay South is anticipated to result in increased property tax revenues accruing to the City and County of San Francisco's General Fund and other funds and taxing entities. The amount of revenue that will flow to the General Fund will depend upon many factors, but based upon the assumptions reviewed herein, is estimated to total $6.6 million on a net present basis over the 30-year time period ending 2045. The net present value of all property tax revenues over this time period is estimated at $16.2 million.

APPENDIX 1: EPS Analysis

Table 1
Calculation of Assessed Values Returned to Tax Rolls after UCSF Lease Expirations

Type of Leased Space/ Location	Total Leasable Sq. Ft.	Property Tax Exempted	Implied 2013 Exempted AV[1]	Year of Lease Expiration	Taxable AV after Lease Expiration
Non-Clinical Space					
Lease Expiration in 2014 & 2015					
2300 Harrison Street	65,494	$276,206	$23,249,625	2014	$23,714,617
50 Beale Street	57,401	$196,634	$16,551,684	2015	$17,220,372
185 Berry Street	50,587	$287,221	$24,176,858	2015	$25,153,603
3450 California St	4,592	$28,292	$2,381,443	2015	$2,477,653
Subtotal Leases Terminated 2014 & 2015	178,074	$788,352	$66,359,609		
Lease Expiration in 2018					
China Basin - Radiology & Imaging Center	75,644	$429,489	$36,152,258	2018	$39,915,014
220 Montgomery Street	38,678	$70,127	$5,902,986	2018	$6,517,373
250 Executive Park	42,438	$63,860	$5,375,449	2018	$5,934,931
Subtotal Leases Terminated 2018	156,760	$563,477	$47,430,693		
Lease Expiration in 2022					
185 Berry Street	43,076	$244,575	$20,587,154	2022	$24,603,555
1500 Owens St.	43,028	$134,262	$11,301,525	2022	$13,506,369
Subtotal	86,104	$378,838	$31,888,679		
Total Non-Clinical Space	**420,938**	**$1,730,666**	**$145,678,981**		
Clinical					
185 Berry Street	55,120	$312,958	$26,343,298	2022	$31,482,680
1500 Owens St.	56,086	$175,008	$14,731,276	2022	$17,605,239
Total Clinical	111,206	$487,966	$41,074,574		
Total Clinical and Non-Clinical Space	**532,144**	**$2,218,632**	**$186,753,556**		

[1] Calculated AV based on property tax exemption amount and ad valorem tax rate of 1.188%.

[2] Escalated at 2% annually from current 2013 values to year of lease expiration.

Source: UCSF; and Economic & Planning Systems.

EX A

Table 2
Estimated Property Taxes Based on AV Returned to Property Tax Rolls

	Leases Expired in 2014 and 2015				Leases Expired in 2018 and 2022				Total Est. Property Taxes	
Calendar Year	AV Returned to Tax Roll[1]	Cumulative AV Returned to Tax Roll[2]	Estimated Annual Property Tax *1.188% of AV*	Cumulative Property Taxes	AV Returned to Tax Roll[1]	Cumulative AV Returned to Tax Roll	Estimated Annual Property Tax *1.188% of AV*	Cumulative Property Taxes	Total Annual	Cumulative
2015	$23,714,617	$23,714,617	$281,730	$281,730	-	$0	$0	$0	$281,730	$281,730
2016	$44,851,628	$69,040,537	$820,202	$1,101,931	-	$0	$0	$0	$820,202	$1,101,931
2017	-	$70,421,348	$836,606	$1,938,537	-	$0	$0	$0	$836,606	$1,938,537
2018	-	$71,829,775	$853,338	$2,791,875	-	$0	$0	$0	$853,338	$2,791,875
2019	-	$73,266,371	$870,404	$3,662,279	$52,367,318	$52,367,318	$622,124	$622,124	$1,492,528	$4,284,403
2020	-	$74,731,698	$887,813	$4,550,092	-	$53,414,664	$634,566	$1,256,690	$1,522,379	$5,806,782
2021	-	$76,226,332	$905,569	$5,455,660	-	$54,482,957	$647,258	$1,903,947	$1,552,826	$7,359,608
2022	-	$77,750,859	$923,680	$6,379,341	-	$55,572,617	$660,203	$2,564,150	$1,583,883	$8,943,491
2023	-	$79,305,876	$942,154	$7,321,494	$87,197,842	$143,881,911	$1,709,317	$4,273,467	$2,651,471	$11,594,962
2024	-	$80,891,993	$960,997	$8,282,491	-	$146,759,549	$1,743,503	$6,016,971	$2,704,500	$14,299,462
2025	-	$82,509,833	$980,217	$9,262,708	-	$149,694,740	$1,778,374	$7,795,344	$2,758,590	$17,058,052
2026	-	$84,160,030	$999,821	$10,262,529	-	$152,688,635	$1,813,941	$9,609,285	$2,813,762	$19,871,815
2027	-	$85,843,230	$1,019,818	$11,282,347	-	$155,742,408	$1,850,220	$11,459,505	$2,870,037	$22,741,852
2028	-	$87,560,095	$1,040,214	$12,322,561	-	$158,857,256	$1,887,224	$13,346,729	$2,927,438	$25,669,290
2029	-	$89,311,297	$1,061,018	$13,383,579	-	$162,034,401	$1,924,969	$15,271,698	$2,985,987	$28,655,277
2030	-	$91,097,523	$1,082,239	$14,465,818	-	$165,275,089	$1,963,468	$17,235,166	$3,045,707	$31,700,984
2031	-	$92,919,473	$1,103,883	$15,569,701	-	$168,580,591	$2,002,737	$19,237,903	$3,106,621	$34,807,604
2032	-	$94,777,863	$1,125,961	$16,695,662	-	$171,952,203	$2,042,792	$21,280,696	$3,168,753	$37,976,357
2033	-	$96,673,420	$1,148,480	$17,844,142	-	$175,391,247	$2,083,648	$23,364,344	$3,232,128	$41,208,486
2034	-	$98,606,888	$1,171,450	$19,015,592	-	$178,899,071	$2,125,321	$25,489,665	$3,296,771	$44,505,257
2035	-	$100,579,026	$1,194,879	$20,210,471	-	$182,477,053	$2,167,827	$27,657,492	$3,362,706	$47,867,963
2036	-	$102,590,607	$1,218,776	$21,429,247	-	$186,126,594	$2,211,184	$29,868,676	$3,429,960	$51,297,923
2037	-	$104,642,419	$1,243,152	$22,672,399	-	$189,849,126	$2,255,408	$32,124,083	$3,498,560	$54,796,483
2038	-	$106,735,267	$1,268,015	$23,940,414	-	$193,646,108	$2,300,516	$34,424,599	$3,568,531	$58,365,013
2039	-	$108,869,973	$1,293,375	$25,233,789	-	$197,519,031	$2,346,526	$36,771,125	$3,639,901	$62,004,915
2040	-	$111,047,372	$1,319,243	$26,553,032	-	$201,469,411	$2,393,457	$39,164,582	$3,712,699	$65,717,614
2041	-	$113,268,320	$1,345,628	$27,898,660	-	$205,498,799	$2,441,326	$41,605,908	$3,786,953	$69,504,568
2042	-	$115,533,686	$1,372,540	$29,271,200	-	$209,608,775	$2,490,152	$44,096,060	$3,862,692	$73,367,260
2043	-	$117,844,360	$1,399,991	$30,671,191	-	$213,800,951	$2,539,955	$46,636,015	$3,939,946	$77,307,206
2044	-	$120,201,247	$1,427,991	$32,099,182	-	$218,076,970	$2,590,754	$49,226,770	$4,018,745	$81,325,951
2045	-	$122,605,272	$1,456,551	$33,555,732	-	$222,438,509	$2,642,569	$51,869,339	$4,099,120	$85,425,072
Prop. Taxes NPV @ 6.5% Discount Rate			**$12,692,020**				**$16,152,932**		**$28,844,952**	

[1] Assumes that taxes are assessed in the year following lease expiration.
[2] AV on the tax roll is escalated at 2% annually.

APPENDIX 2: AB-8 Apportionment Factors & Debt Services, FY 2013-14

CITY OF SAN FRANCISCO
FY 2013-14 - SECURED TAXES - CURRENT YEAR
AB - 8 APPORTIONMENT FACTORS & DEBT SERVICES - FY 2013-14 TAX RATE $1.1880

FUNDS (1)	TAX RATE	REVENUE %
GENERAL FUND	0.56588206	0.47633170
COUNTY SUPERINTENDENT OF SCHOOLS	0.00097335	0.00081932
SUB - TOTAL GENERAL FUND	0.56685541	0.47715102
CHILDRENS' FUND	0.03000000	0.02525253
LIBRARY PRESERVATION FUND	0.02500000	0.02104377
OPEN SPACE ACQUISITION FUND	0.02500000	0.02104377
GENERAL CITY BOND DEBT FUND	0.11947956	0.10057202
SUB - TOTAL	0.76633497	0.64506311
S.F. COMMUNITY COLLEGE DISTRICT GENERAL FUND	0.01444422	0.01215843
S.F. COMMUNITY COLLEGE DISTRICT BOND FUND	0.01813305	0.01526351
SUB - TOTAL	0.03257727	0.02742194
S.F. UNIFIED SCHOOL DIST. GENERAL FUND	0.07698857	0.06480519
S.F. UNIFIED SCHOOL DIST. BOND FUND	0.04288739	0.03610050
S.F. UNIFIED SCHOOL STATE LOAN FUND	0.00000000	-
SUB - TOTAL	0.11987596	0.10090569
BAY AREA AIR QUALITY MANAGEMENT DIST.	0.00208539	0.00175538
BAY AREA RAPID TRANSIT DIST. GENERAL FD.	0.00632528	0.00532431
BAY AREA RAPID TRANSIT DIST. BOND FUND	0.00750000	0.00631313
SUB - TOTAL	0.01382528	0.01163744
EDUCATIONAL REVENUE AUGMENTATION FUND	0.25330113	0.21321644
NET TAXES	1.18800000	1.00000000
TOTAL APPORTIONED		1.00000000

Source: City of San Francisco, Office of the Controller, Budget & Analysis Division's Property Tax Unit.

(1) Proposition 13 base 1.0% factors are highlighted in yellow.

APPENDIX 3: Distribution of NPV Property Tax Revenues for 1500 Owens Street

Appendix 3
Distribution of NPV Property Tax Revenues for 1500 Owens Street (1)

Funds	Distribution of 1.0% Property Taxes: NPV of 1.0% Property Tax	Percent Distribution (2)	Amount	Distribution of 0.188% Property Taxes for Bond Funds: NPV of 1.188% Property Tax	Revenue Percent (3)	Amount	Total
NPV of Property Tax	$2,629,806 (4)			$3,124,209 (5)			
OCII (Affordable Housing)		20%	$525,961		0.00%		$525,961
FOCIL (Infrastructure)		55%	$1,446,393		0.00%		$1,446,393
Remaining Balance for All Other Funds (excluding Bond funds)		25%	$657,452 (see distribution below)		0.00%		
All Bond Funds		0%	$0		15.82%	$494,403 (see distribution below)	
		Distribution of 1.0% Tax Rate (6)	Distribution of Remaining Balance		Revenue Percent (7)	Distribution of Bond Funds	
City and County of San Francisco							
General Fund		0.5659	$372,040				$372,040
Other City and County Funds							
General City Bond Debt Fund		0.0000	$0		10.06%	$314,208	$314,208
Childrens' Fund		0.0300	$19,724				$19,724
Library Preservation Fund		0.0250	$16,436				$16,436
Open Space Preservation Fund		0.0250	$16,436				$16,436
County Superintendent of Schools		0.0010	$640				$640
Subtotal Other City and County		0.0810	$53,236		10.06%	$314,208	$367,444
Others							
Other Taxing Entities							
Educational Revenue Augmentation Fund		0.2533	$166,533				$166,533
San Francisco Community College District		0.0144	$9,496		1.53%	$47,686	$57,183
San Francisco Unified School District		0.0770	$50,616		3.61%	$112,785	$163,402
Bay Area Air Quality Management District		0.0021	$1,371				$1,371
Bay Area Rapid Transit District		0.0063	$4,159		0.63%	$19,724	$23,882
Subtotal Other Taxing Entities		0.3531	$232,175		5.77%	$180,195	$412,371
Total			$2,629,806			$494,403	$3,124,209

Sources: Appendix 1; ALH Urban & Regional Economics, letter report addressed to OCII, April 15, 2014, Re: NPV Tax Increment Analysis of UCSF Mission Bay Blocks 33/34; and ALH Urban & Regional Economics.

(1) The 1500 Owens Street building is located in Mission Bay South, and thus property tax distribution parallels the estimated distribution for the Blocks 33/34 analysis included in the ALH Economics April 15, 2014 letter report regarding the NPV Tax Increment Analysis of UCSF Mission Bay Blocks 33/34.

(2) Pursuant to the property tax distribution in place for Mission Bay South, and the Mission Bay South Owner Participation Agreement, the approximate property tax distribution of the basic 1.0% property tax rate is 20% to OCII for affordable housing, 55% to FOCIL for infrastructure, and the balance of 25% distributed on a pass-through basis to the relevant taxing entities. See ALH Economics April 15, 2014 report, Exhibit 5D.

(3) In addition to the 1.0% property tax rate, bond funds receive a portion of property tax payments. The current increment is a rate of 0.188% in addition to the basic 1.0%. The share of total property tax revenues collected per property currently allocated to bond funds is presented in the Revenue % column on Appendix 2. These percentages are reflected in this column for the 1500 Owens Street analysis.

(4) This is the NPV of the 1500 Owens Street leases based on the 1.0% basic property tax rate. ALH Economics calculated this figure by modifying the assumptions in the EPS model presented in Appendix 1, and including only the leases relevant to 1500 Owens Street.

(5) This is the NPV of the 1500 Owens Street leases based on the full 1.188% property tax rate. ALH Economics calculated this figure by modifying the assumptions in the EPS model presented in Appendix 1, and including only the leases relevant to 1500 Owens Street.

(6) The remaining balance of funds are distributed in a pass-through manner to the relevant taxing entities in the same distribution pattern as the 1.0% of basic property taxes. See the Tax Rate column in Appendix 2 for the factors contributing to the 1.0% (i.e., the yellow highlighted factors).

(7) The revenue percent figures correspond with the bond funds receiving the share of property taxes over the basic 1.0% tax rate. See the percentages in the Revenue % column of Appendix 2. These percentages are applied to the total tax amount pursuant to the full 1.188% tax rate. The result is the amount of revenues by fund above the 1.0% tax rate.

ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

ALH Urban & Regional Economics has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although ALH Urban & Regional Economics believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

File # 140423

Wong, Linda (BOS)

From: Maher, Christine (OCII)
Sent: Tuesday, April 29, 2014 4:54 PM
To: Wong, Linda (BOS)
Cc: Reilly, Catherine (OCII)
Subject: FW: Adopted resolution from today
Attachments: MBS UCSF Blocks 33-34 Reso 30-2014final.pdf

Linda,

Per your previous correspondence with Catherine, attached please find the resolution adopted today by the Commission on Community Investment and Infrastructure for the UCSF/Blocks 33-34 item.

Please let me know if you have any questions.

Thank you,

Christine Maher
Development Specialist
Office of Community Investment and Infrastructure
Successor Agency to the San Francisco Redevelopment Agency
One South Van Ness Avenue, Fifth Floor
San Francisco, CA 94103

(415) 749-2481 phone
(415) 749-2526 fax
christine.maher@sfgov.org

From: Jones, Natasha (OCII)
Sent: Tuesday, April 29, 2014 3:48 PM
To: Reilly, Catherine (OCII); Maher, Christine (OCII)
Subject: Adopted resolution from today

NATASHA A. JONES
Interim Board Secretary
Office of Community Investment and Infrastructure
City and County of San Francisco
One South Van Ness, 5th Floor
San Francisco, California 94103
P 415.749.2458
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E natasha.jones@sfgov.org

Commission on Community Investment and Infrastructure

RESOLUTION NO. 30-2014
Adopted April 29, 2014

ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND (1) CONDITIONALLY APPROVING A MEMORANDUM OF UNDERSTANDING WITH THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, A CALIFORNIA PUBLIC CORPORATION, (2) CONDITIONALLY APPROVING A FIFTH AMENDMENT TO THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT WITH FOCIL-MB, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AND (3) CONDITIONALLY APPROVING A RELEASE AGREEMENT AND COVENANT REGARDING ASSUMPTION OF THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT WITH THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, A CALIFORNIA PUBLIC CORPORATION, AND BAY JACARANDA NO. 3334 LLC, A DELAWARE LIMITED LIABILITY COMPANY, RELATED TO THE REGENTS' PURCHASE OF BLOCKS 33 AND 34, BOUNDED BY 16TH STREET TO THE NORTH, ILLINOIS STREET TO THE EAST, MARIPOSA TO THE SOUTH, AND THIRD STREET TO THE WEST, FOR FUTURE DEVELOPMENT OF UP TO 500,000 GROSS SQUARE FEET; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, On September 17, 1998, the Commission of the former Redevelopment Agency of the City and County of San Francisco ("Redevelopment Agency") approved by Resolution No. 190-98 the Redevelopment Plan for the Mission Bay South Redevelopment Project ("South Redevelopment Plan"), and by Resolution No. 188-98 the Redevelopment Plan for the Mission Bay North Redevelopment Project ("North Redevelopment Plan"). The South Redevelopment Plan provides for the redevelopment, rehabilitation and revitalization of the area generally bounded by the South embankment of China Basin Channel and Seventh Street, Interstate 280, Mariposa Street, Terry Francois Boulevard, and Third Street, as more particularly described in the South Redevelopment Plan ("South Plan Area"). On the same date, the Redevelopment Agency Commission adopted related documents, including Resolution No. 193-98 authorizing execution of an Owner Participation Agreement ("South OPA") and related documents between Catellus Development Corporation, a Delaware corporation ("Catellus"), and the Redevelopment Agency. On November 2, 1998, the San Francisco Board of Supervisors ("Board of Supervisors"), by Ordinance No. 335-98, adopted the South Redevelopment Plan. The South Redevelopment Plan and its implementing documents, as defined in the South Redevelopment Plan, constitute the "Plan Documents"; and,

WHEREAS, On September 17, 1998, the Redevelopment Agency Commission adopted Resolution No. 182-98, which certified the 1998 Final Subsequent Environmental Impact Report for the North and South Redevelopment Plans ("FSEIR") as a program EIR pursuant to the California Environmental Quality Act ("CEQA") and State CEQA Guidelines Sections 15168 (Program EIR) and 15180 (Redevelopment Plan EIR). On the same date, the Redevelopment Agency Commission also adopted Resolution No. 183-98, which adopted environmental findings, including a statement of overriding considerations and a Mission Bay mitigation monitoring and reporting program ("Mission Bay MMRP"), in

connection with the approval of the North and South Redevelopment Plans and other Mission Bay project approvals (the "Mission Bay Project"). The San Francisco Planning Commission ("Planning Commission") certified the FSEIR by Resolution No. 14696 on the same date. On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Redevelopment Agency, and Resolution No. 854-98 adopting environmental findings and a statement of overriding considerations for the Mission Bay Project. Among other matters, the FSEIR included environmental analysis of principally permitted uses on the real property within the South Plan Area known as Blocks 33 and 34; and,

WHEREAS, Subsequent to certification of the FSEIR, the Redevelopment Agency and Successor Agency, as defined below, have issued nine addenda to the FSEIR to address proposed changes to the Mission Bay project, none of which identify any substantial new information or new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR as a result of proposed changes to the Mission Bay project. Hereinafter, the Final Subsequent Environmental Impact Report, including any addenda thereto, shall be collectively referred to as the "FSEIR"; and,

WHEREAS, Catellus, the original master developer of the North and South Project Areas, has sold most of its remaining undeveloped land in Mission Bay to FOCIL-MB, LLC, ("FOCIL-MB"), a subsidiary of Farallon Capital Management, LLC, a large investment management firm. The sale encompassed approximately 71 acres of land in Mission Bay, and the remaining undeveloped residential parcels in the South Plan Area. FOCIL-MB assumed all of Catellus's obligations under the South OPA and the Redevelopment Agency's Owner Participation Agreement for Mission Bay North (the "North OPA" and collectively with the South OPA, the "OPAs"), as well as all responsibilities under the related public improvement agreements and land transfer agreements with the City and County of San Francisco ("City"). FOCIL-MB is bound by all terms of the OPAs and related agreements, including the requirements of the affordable housing program, equal opportunity program, and design review process; and,

WHEREAS, On February 1, 2012, the Redevelopment 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, AB 471, and any later amendments, "Redevelopment Dissolution Law"); and,

WHEREAS, Under the Redevelopment Dissolution Law , the City was designated as the successor agency to the Redevelopment Agency ("Successor Agency"), commonly known as the Office of Community Investment and Infrastructure ("OCII"), to receive the non-affordable housing assets and obligations of the Redevelopment Agency; and,

WHEREAS, The Redevelopment Dissolution Law required creation of an oversight board to the successor agency and provided that with approval from its oversight board and the State Department of Finance ("DOF"), a successor agency may continue to implement "enforceable obligations" such as existing contracts, bonds and leases,

that were executed prior to the suspension of redevelopment agencies' activities.. On January 24, 2014, DOF finally and conclusively determined that the OPAs and Mission Bay Tax Increment Allocation Pledge Agreements are enforceable obligations pursuant to Health and Safety Code Section 34177.5(i); and,

WHEREAS, In accordance with Redevelopment Dissolution Law, the Board of Supervisors, acting as the legislative body of the Successor Agency, adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which, among other matters: (a) acknowledged and confirmed that, as of the effective date of October 2, 2012, the effective date of AB 1484, the Successor Agency is a separate legal entity from the City, (b) established this Successor Agency Commission, commonly known as the Commission on Community Infrastructure and Investment (the "Commission"), and delegated to it the authority to (i) act in place of the Redevelopment Agency Commission to, among other matters, implement, modify, enforce and complete the Redevelopment Agency's enforceable obligations, (ii) approve all contracts and actions related to the assets transferred to or retained by the Successor Agency, including, without limitation, the authority to exercise land use, development, and design approval, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that this Commission deems appropriate, consistent with the Redevelopment Dissolution Law, to comply with such obligations; and,

WHEREAS, The Board of Supervisors' delegation to the Commission under the Implementing Ordinance includes the authority to amend existing obligation as allowed by the Redevelopment Dissolution Law, but requires Board of Supervisors' approval of any material changes to affordable housing obligations; and,

WHEREAS, The Regents of the University of California (the "Regents") is under contract to purchase Blocks 33 and 34 of the South Plan Area from Bay Jarcaranda No. 3334 LLC ("Current Owner"), and intends to expand the facilities of UCSF in the South Plan Area by constructing a project on Blocks 33 and 34 that is consistent with the uses allowed under the South Redevelopment Plan and the allocation of square footage for the site contemplated by the FSEIR. While the Regents has not identified the final use of Blocks 33 and 34, the Regents is purchasing from the Current Owner the right to construct 500,000 gross square feet of development and all parking spaces allocable to Blocks 33 and 34 under the Plan Documents (which may not exceed 1.0 parking spaces for each 1,000 square feet of gross floor area for commercial/office uses); and,

WHEREAS, Blocks 33 and 34 are subject to the South Redevelopment Plan and the South OPA. Additionally, as required by the South OPA, Blocks 33 and 34 are subject to a Tax Payment Agreement ("PILOT Agreement"), which requires any tax exempt-entity, such as the Regents, that acquires Blocks 33 and 34 to (i) pay special taxes assessed by any community facility district and (ii) make certain payments in lieu of property taxes to OCII. The PILOT Agreement was intended to effectuate the provisions of Section 14.7 of the South OPA and to minimize the adverse financial impact on completion of the projects under the South Redevelopment Plan that could result from any future claim of an exemption from property taxes for the Blocks 33 and 34 and certain other property within the South Plan Area on the implementation of the South Redevelopment Plan, and specifically on OCII's ability to increase, improve and preserve affordable housing and to reimburse FOCIL-MB for infrastructure costs. 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 its educational purposes, as it intends to do with Blocks 33 and 34. However, the Regents is subject to third party contractual obligations that run with the land, such as the South OPA and PILOT Agreement; and,

WHEREAS, To facilitate the acquisition of Blocks 33 and 34 by the Regents, the Current Owner, FOCIL, and the Regents wish to obtain from OCII a release of the Regents from certain obligations under the South Redevelopment Plan, the South OPA and the PILOT Agreement relating to the Blocks 33 and 34, and a release of the Current Owner from the obligations under the existing PILOT Agreement, in exchange for certain payments and agreements from the Regents; and,

WHEREAS, The Commission is currently considering approval of a Memorandum of Understanding ("MOU") between OCII and the Regents, a fifth amendment to the South OPA between OCII and FOCIL-MB("Fifth Amendment"), and a Release Agreement and Covenant Regarding Assumption of the South OPA with the Regents and the Current Owner ("Release Agreement") (collectively, the "Implementing Actions"); and,

WHEREAS, The MOU, Fifth Amendment, and Release Agreement are on file with the Secretary of the Commission; and,

WHEREAS, Under the terms of the MOU, OCII will agree to release the Regents from certain obligations under the South Redevelopment Plan, South OPA and the PILOT Agreement and agree to release the Current Owner from the obligations under the PILOT Agreement, conditioned on the Regents' agreement to, among other things, (i) make an affordable housing payment ("Affordable Housing Payment") to OCII of $10.2 million, which exceeds the tax increment that OCII would have received from Blocks 33 and 34 if owned and developed by a taxable entity; (ii) enter into an agreement with FOCIL regarding infrastructure ("Infrastructure Agreement") and make an infrastructure payment of $21.9 million ("Infrastructure Payment") to FOCIL-MB, which is comparable to the tax increment that OCII would have received from Blocks 33 and 34 for infrastructure purposes if owned and developed by a taxable entity; (iii) pay the special taxes under the community facility districts that the Blocks 33 and 34 are part of; (iv) abide by certain requirements under the South Redevelopment Plan in developing Blocks 33 and 34, including without limitation, agreeing to abide by the permitted land uses, height, setback, bulk, and development intensity controls for the site in the South Redevelopment Plan; and (v) provide an agreement assuming obligations under the South OPA and related Plan Documents and a tax allocation promissory note in connection with any future transfer of Blocks 33 and 34 or use of Blocks 33 and 34 for purposes other than the Regents educational mission. To implement certain of the terms of the MOU, FOCIL-MB and OCII will enter into the Fifth Amendment, and OCII, the Regents and Current Owner will enter into a Release Agreement; and,

WHEREAS, Under the terms of the Fifth Amendment, OCII and FOCIL-MB will agree, among other things, (i) to suspend the requirement that a transferee assume all of the transferor's obligations under the South OPA with respect to transferred property, (ii) that OCII will consent to the transfer of Blocks 33 and 34 by the Current Owner to the Regents, subject to the requirements of the MOU being met, (iii) to release the Current Owner from certain obligations under the South OPA pertaining to Blocks 33 and 34, and (iv) that FOCIL-MB will apply the Infrastructure Payment toward the cost of infrastructure that would otherwise be reimbursable from the Successor Agency from tax increment, all

conditioned on OCII's receipt of the Affordable Housing Payment and FOCIL-MB's receipt of the Infrastructure Payment and execution of the MOU and Infrastructure Agreement by the applicable parties; and,

WHEREAS, Under the terms of the Release Agreement, OCII will agree to suspend the effects of the South Redevelopment Plan, the South OPA, and other Plan documents so long as and to the extent that Blocks 33 and 34 are used in furtherance of UCSF's educational mission, and consent to the termination of the existing PILOT Agreement. The Release Agreement provides that the South Redevelopment Plan, South OPA and other Plan Documents will "spring back" into effect if Blocks 33 and 34 are not used for such purposes, and at OCII's request the Regents will then provide an agreement assuming the obligations under such documents together with a tax allocation promissory note and a new PILOT Agreement. Because the South OPA requires the City's consent for any transfers that are not subject to a PILOT Agreement, this Commission's approval of the Release Agreement will also be conditioned on the approval by the Board of Supervisors of the transfer of Blocks 33 and 34 to the Regents free of the PILOT Agreement; and,

WHEREAS, Approval of the MOU, the Fifth Amendment, and the Release Agreement (collectively, the "Agreements") will allow the acquisition of the Regents' of Blocks 33 and 34 to proceed. The acquisition and subsequent development of Blocks 33 and 34 will provide significant public benefits to OCII, the City, and other taxing agencies, including: (1) an Affordable Housing Payment that exceeds the amount of tax increment that would have been collected if Blocks 33 and 34 were developed by a taxable owner, thereby reducing the need for the use of tax increment funds for the production of affordable housing; (2) immediately available funds for the production of affordable housing and infrastructure, thereby accelerating the completion of development under the South Redevelopment Plan, the South OPA, and related enforceable obligations; and (3) the likely consolidation of UCSF's operations and relocation from remote locations in San Francisco, thereby potentially returning these other properties to the City tax rolls and generating new general fund revenues to the City and tax revenues for the other taxing agencies. The Agreements do not propose any new capital expenditures by OCII or any change in OCII's overall method of financing the redevelopment of the South Plan Area. Rather, the Agreements will accelerate the completion of development under the South Redevelopment Plan and the South OPA; and,

WHEREAS, OCII staff has reviewed the Implementing Actions for purposes of compliance with CEQA and the State CEQA Guidelines; and,

WHEREAS, OCII staff, in making the necessary findings for the Implementing Actions contemplated herein, considered and reviewed the FSEIR and has made documents related to the Implementing Actions and the FSEIR files available for review by the Commission and the public, and these files are part of the record before the Commission; and,

WHEREAS, The FSEIR findings, including the statement of overriding considerations and Mission Bay MMRP, adopted in accordance with CEQA by the Redevelopment Commission by Resolution No. 183-98 dated September 17, 1998, reflected the independent judgment and analysis of the Redevelopment Agency, were and remain adequate, accurate and objective and were prepared and adopted following the procedures required by CEQA, and the findings in said resolutions are incorporated herein by reference as applicable to the Implementing Actions; and,

WHEREAS, OCII staff has reviewed the MOU, the Fifth Amendment, and the Release Agreement and recommends approval thereof; and,

WHEREAS, The affordable housing provisions of the Fifth Amendment, MOU and Release Agreement, are considered to effect a material change to the affordable housing program in the South Plan, and thereby require Board of Supervisors approval, acting in its capacity as the legislative body to the Successor Agency pursuant to the Implementing Ordinance; and now, therefore, be it

RESOLVED, The Commission finds and determines that the Implementing Actions are within the scope of the Mission Bay Project analyzed in the FSEIR and require no further environmental review beyond the FSEIR pursuant to the State CEQA Guidelines Section 15180, 15162 and 15163 for the following reasons:

(1) The Implementing Actions do not require major revisions to the FSEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant impacts; and,

(2) No substantial changes have occurred with respect to the circumstances under which the project analyzed in the FSEIR will be undertaken that would require major revisions to the FSEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FSEIR; and,

(3) No new information of substantial importance to the Mission Bay Project analyzed in the FSEIR has become available, which would indicated that (i) the Implementing Actions will have significant effects not discussed in the FSEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible; or (iv) mitigation measures or alternatives, which are considerably different from those in the FSEIR, will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the FSEIR; and, be it further

RESOLVED, That the Commission has reviewed and considered the FSEIR findings, including the statement of overriding considerations and the Mission Bay MMRP and hereby adopts the CEQA findings set forth in Redevelopment Commission Resolution No. 183-98 as its own, which are incorporated herein, and, be it further

RESOLVED, That the Commission finds and determines that, subject to the review and approval of the San Francisco Board of Supervisors of the affordable housing provisions of the Fifth Amendment, MOU, and Release Agreement and subject further to the review and approval of the Oversight Board and the Department of Finance of the Fifth Amendment, the Executive Director is authorized to enter into the Fifth Amendment, the MOU, and the Release Agreement, substantially in the form of the documents on file with the Secretary of the Commission; and, be it further

RESOLVED, That the Commission finds and determines that the Executive Director is authorized to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of April 29, 2014.

Natasha Jones

Commission Secretary

AMENDMENT OF THE WHOLE
10/14/98

FILE NO. 98-1427 RESOLUTION NO. 854-98

[CEQA Findings]

ADOPTING ENVIRONMENTAL FINDINGS (AND A STATEMENT OF OVERRIDING CONSIDERATIONS) PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND STATE GUIDELINES IN CONNECTION WITH ADOPTION OF THE MISSION BAY NORTH AND MISSION BAY SOUTH REDEVELOPMENT PLANS AND VARIOUS OTHER ACTIONS NECESSARY TO IMPLEMENT SUCH PLANS

WHEREAS, the proposed Mission Bay North and South Redevelopment Areas are generally bounded by Townsend Street, Seventh Street and Interstate 280, Mariposa Street, Terry A. Francois Boulevard and Third Street ("Plan Areas"); and

WHEREAS, the Plan Areas comprise approximately 303 acres of an underutilized and underdeveloped industrial area characterized by deteriorated, obsolete or dysfunctional buildings and a lack of infrastructure in the Mission Bay South Project Area; and

WHEREAS, the Planning Department ("Department") and the Redevelopment Agency ("Agency") have undertaken a planning and environmental review process for the proposed Plan Areas and other uses in the Plan Areas and provided for appropriate public hearings before the Planning Commission and the Redevelopment Agency Commission; and

WHEREAS, the actions listed in Attachment A hereto (the "Actions") are part of a series of considerations in connection with adoption of the Redevelopment Plans (the "Project"), as more particularly defined in Attachment A hereto; and

WHEREAS, on April 11, 1998, the Department and the Agency released for public review and comment the Draft Subsequent Environmental Impact Report for the Project; and

WHEREAS, the Planning Commission and the Redevelopment Agency Commission held a joint public hearing on the Draft Environmental Impact Report on May 12, 1998 and further written public comments were received until 5:00 p.m. on June 9, 1998; and

WHEREAS, a Final Subsequent Environmental Impact Report ("FSEIR") for the Project has been prepared by the Department and Agency consisting of the Draft Environmental Impact Report, the comments received during the review period, any additional information that became available and the Draft Summary of Comments and Responses, all as required by law; and

WHEREAS, the FSEIR files and other Project-related Department and Agency files have been available for review by this Board of Supervisors and the public, and those files are part of the record before this Board of Supervisors; and

WHEREAS, on September 17, 1998, the Planning Commission and the Redevelopment Agency Commission reviewed and considered the FSEIR and, by Motion No. 14696 and Resolution No.182-98, respectively, found that the contents of said report and the procedures through which the FSEIR was prepared, publicized and reviewed complied with the provisions of the California Environmental Quality Act ("CEQA") and the CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code; and

WHEREAS, by Motion No. 14696 and Resolution No. 182-98, the Planning Commission and the Redevelopment Agency Commission, respectively, found that the FSEIR was adequate, accurate and objective, reflected the independent judgment and analysis of each Commission and that the summary of Comments and Responses contained no significant revisions to the draft Subsequent Environmental Impact Report, adopted findings of significant impacts associated with the Project and certified the completion of the Final Subsequent Environmental Impact Report for the Project in compliance with CEQA and the CEQA Guidelines; and

WHEREAS, the Department and Agency prepared proposed Findings, as required by CEQA, regarding the alternatives and variants, mitigation measures and significant environmental impacts analyzed in the FSEIR, overriding considerations for approving the

Project including all of the actions listed in Attachment A hereto, and a proposed mitigation monitoring program, which material was made available to the public and this Board of Supervisors for the Board of Supervisors' review, consideration and actions; now, therefore, be it

RESOLVED, that the Board of Supervisors reviewed and considered Planning Commission Motion No. 14696 certifying the FSEIR and finding the FSEIR adequate, accurate and objective, and reflecting the independent judgment and analysis of the Planning Commission, and affirmed the Planning Commission's certification of the FSEIR by Board of Supervisors Motion No. M98-132; and be it

FURTHER RESOLVED, that the Board of Supervisors finds that (1) modifications incorporated into the Project and reflected in the Actions will not require important revisions to the FSEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; (2) no substantial changes have occurred with respect to the circumstances under which the Project or the Actions are undertaken which would require major revisions to the FSEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FSEIR; and (3) no new information of substantial importance to the Project or the Actions has become available which would indicate (a) the Project or the Actions will have significant effects not discussed in the FSEIR, (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the FSEIR would substantially reduce one or more significant effects on the environment; and be it

FURTHER RESOLVED, that the Board of Supervisors has reviewed and considered the FSEIR and hereby adopts the Project Findings attached hereto as Attachment A, including its Exhibits 1 and 2, and incorporates the same herein by this reference.

Tails

Resolution

File Number: 981427 **Date Passed:**

Resolution adopting environmental findings (and a statement of overriding considerations) pursuant to the California Environmental Quality Act and State Guidelines in connection with adoption of the Mission Bay North and Mission Bay South Redevelopment Plans and various other actions necessary to implement such plans.

October 19, 1998 Board of Supervisors — ADOPTED

Ayes: 9 - Ammiano, Bierman, Brown, Katz, Leno, Medina, Teng, Yaki, Yee
Absent: 1 - Newsom
Excused: 1 - Kaufman

File No. 981427

I hereby certify that the foregoing Resolution was ADOPTED on October 19, 1998 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

OCT 30 1998
Date Approved

Mayor Willie L. Brown Jr.

File No. 981427 continued...

ATTACHMENT A

MISSION BAY CEQA FINDINGS

BOARD OF SUPERVISORS

FOR THE CITY AND COUNTY OF SAN FRANCISCO

I. INTRODUCTION

The following findings are hereby adopted by the Board of Supervisors of the City and County of San Francisco ("Board of Supervisors") with respect to the Mission Bay Final Subsequent Environmental Impact Report ("FSEIR"), pursuant to the requirements of the California Environmental Quality Act, California Public Resources Sections 21000 et seq. ("CEQA"), the Guidelines for Implementation of CEQA, 15 California Code of Regulations Sections 15000 et seq., (the "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code.

The Project is described in Article II, below. The actions to be taken by the Board of Supervisors in connection with the Project ("Actions") are described in Article III, below.

Article IV of this document sets forth the basis for approval of the Project, and the economic, legal, technological, social and other considerations which support the rejection of the elements of the Alternatives and Variants analyzed in the FSEIR which were not incorporated into the Project.

Article V sets forth findings as to the disposition of each of the mitigation measures proposed in the FSEIR. These findings fall into three categories: (1) measures recommended for adoption by the Board of Supervisors exactly as proposed in the FSEIR and which can be implemented by City Agencies; (2) measures proposed in the FSEIR and recommended by the Board of Supervisors for modification or rejection and which can be implemented by City Agencies; and (3) measures proposed in the FSEIR and recommended by the Board of Supervisors for adoption or rejection and which are enforceable by agencies other than City agencies. Where measures are modified, the modified language is indicated in the text. Exhibit 1, attached to these findings, contains the Mitigation Monitoring and Reporting Program. The full text of the mitigation measures as proposed in the FSEIR is set forth in Exhibit 2, attached hereto.

Article VI identifies the unavoidable, significant adverse environmental impacts of the Project which have not been mitigated to a level of insignificance by the adoption of mitigation measures as provided in Article V, above.

Article VII contains a Statement of Overriding Considerations, setting forth specific reasons in support of the Board of Supervisors' Actions and its rejection of elements of the Mitigation Measures, Alternatives and Variants not incorporated in the Project.

II. PROJECT DESCRIPTION

A. Project Approvals

The Project requires a series of approvals that define the terms under which the Project will occur. It includes the following major permits and approvals and related and collateral actions: (1) Mission Bay North and Mission Bay South Redevelopment Plans and related Interagency Cooperation Agreements; (2) Mission Bay North and Mission Bay South Design for Development Documents; (3) Amendments to the General Plan of the City and County of San Francisco, including rescission of the Mission Bay Plan and adoption of the Mission Bay Plan as Planning Commission Guidelines applicable to property outside the Plan Areas; (4) Amendments to the Zoning Map of the City and County of San Francisco; (5) Amendments to Article 9 of the Planning Code of the City and County of San Francisco; (6) General Plan and Planning Code Section 101.1 Consistency Determinations; (7) Amendments to the Waterfront Land Use Plan; (8) Amendment of the San Francisco Subdivision Code and Regulations; (9) Street Vacations; (10) Mission Bay North and South Owner Participation Agreements, including Owner Participation Rules and Business Occupant Re-entry Preference Program; (11) Amended and Restated City Land Transfer Agreement; (12) Amended and Restated Port Land Transfer Agreement; (13) Amended and Restated Agreement Concerning the Public Trust; (14) UCSF Land Donation Agreement; (15) Public Trust/Burton Act Findings; (16) Agency Affordable Housing Policy; (17) Agency Lease findings; (18) Transfer of Port Administrative Jurisdiction; (19) Termination of Transportation Projects Agreement; (20) Mission Bay North and Mission Bay South Tax Allocation Agreements; (21) Community Facilities District Resolutions of Formation; and (22) implementation actions associated with the settlement of title disputes and resolution of title matters. These approvals, along with implementation of the Redevelopment Plans, are referred to collectively herein as the "Project".

As described in Article III, only some of the approvals described above are before the Board of Supervisors at this time.

B. Detailed Project Description/Relationship to FSEIR

The following is a description of the uses contemplated by the Project and the Project's relationship to the FSEIR. The Project is based primarily on the Project Description contained in the FSEIR, plus Variant 1 (Terry A. Francois Boulevard Variant/Expanded Bayshore Open Space Proposal), Variant 2 (Esprit Commercial Industrial/Retail Variant), Variant 3A (Modified No Berry Street Crossing Variant), and Variant 5 (Castle Metals Block Commercial Industrial/Retail Variant) as discussed below. The Project, including these Variants, is substantially as described in the FSEIR Project Description and in FSEIR Chapter VII, Section G, Combination of Variants Currently Under Consideration by the Project Sponsors. The Project land use program is described in gross square feet, consistent with the balance of the FSEIR analysis, in Tables VII.G.1 and VII.G.2 therein. It is also summarized briefly below, generally in leasable square feet, for informational purposes.

The development program for the Project is summarized as follows:

Total Program	
Residential (dwelling units):	6,090
Commercial Industrial (leasable square feet):	5,953,600
Retail (leasable square feet)	
• City-serving	219,300
• Entertainment-oriented	400,000
• Local-serving	244,300
Total Retail	863,600
Hotel (rooms)	500
Public open space (acres)	49
Public facilities (acres)	5.2
UCSF (gross square feet)	2,650,000
Mission Bay North Program	
Residential (dwelling units)	3,000
Retail (leasable square feet)	
• City-serving	100,000
• Entertainment-oriented	350,000
• Local-serving	55,000
Total Retail	505,000
Public open space (acres)	6
Public facilities (acres)	1.5
Mission Bay South Program	
Residential (dwelling units)	3,090
Commercial Industrial (leasable square feet)	5,953,600
Retail (leasable square feet)	
• City-serving	119,300
• Entertainment-oriented	50,000
• Local-serving	189,300
Total Retail	358,600
Hotel (rooms)	500
Public open space (acres)	43

Public facilities (acres)	3.7
UCSF (gross square feet)	2,650,000

The 863,600 leasable square feet of retail space provides 15,000 leasable square feet of neighborhood-serving retail beyond the program described in the Combination of Variants. As further described in the letter dated September 10, 1998 prepared by the Planning Department, and contained in Planning Department File No. 96.771E, this minor additional development is consistent with the land use program analyzed in the FSEIR and would not result in any new significant effects or cause significant effects identified in the FSEIR to be substantially more severe.

III. ACTIONS

The Actions of the Board of Supervisors in connection with the Project include the following approvals: (1) Affirmance of the Planning Commission's certification of the FSEIR; (2) Adoption of CEQA findings, including mitigation measures and a mitigation monitoring program; (23) Amendments to the General Plan of the City and County of San Francisco, including rescission of the Mission Bay Plan; (24) Amendments to the Zoning Map of the City and County of San Francisco; (25) Amendments to Article 9 of the Planning Code of the City and County of San Francisco; (6) Approval of Mission Bay North and Mission Bay South Redevelopment Plans and related Interagency Cooperation Agreements; (7) Amendment of the San Francisco Subdivision Code; (8) Street Vacations; (9) Approval of Amended and Restated City Land Transfer Agreement; (10) Amended and Restated Port Land Transfer Agreement; (11) Approval of Amended and Restated Agreement Concerning the Public Trust; (12) Approval of UCSF Land Donation Agreement; (13) Transfer of Port Administrative Jurisdiction; (14) Termination of Transportation Projects Agreement; (15) Approval of Mission Bay North and Mission Bay South Tax Allocation Agreements; and (16) implementation actions associated with the settlement of title disputes.

IV. ALTERNATIVES

A. Reasons for Selecting the Project

As discussed in Article II.B above, the Project is based on the Project Description analyzed in the FSEIR, plus Variants 1, 2, 3A and 5, incorporated in their entirety. The FSEIR analyzed three Alternatives to the Project, including the "No Project/Expected Growth" Alternative, and five Variants.

Alternative 1 is the "No Project/Expected Growth" Alternative, which reflects a level of development based on existing zoning regulations pursuant to Article 9 of the City Planning Code and the 1990 Mission Bay Plan. The assumed development is consistent with population and employment projected through the year 2015 according to ABAG's Projections '96. Alternative 2 is the "Redevelopment North of Channel/Expected Growth South of Channel Alternative." This alternative is a hybrid consisting of the project proposed in the Project Description for Mission Bay North, and

Alternative 1 for Mission Bay South. Alternative 3 is the "Residential/Open Space Development" Alternative. This is a modified version of full-build out of Alternative B from the 1990 FSEIR. Alternative 3 is identified in the FSEIR as the "Environmentally Superior Alternative" pursuant to CEQA Sections 21002 and 21081. No redevelopment plans for the Plan Areas were assumed under this Alternative. FSEIR Section VIII.D provides detail about other Alternatives which were considered and rejected as infeasible and therefore were not analyzed in the FSEIR.

The FSEIR also analyzes five Variants: (1) Terry A. François Boulevard Variant/Extended Bayshore Open Space Proposal, (2) Esprit Commercial Industrial/Retail Variant, (3) No Berry Street At-Grade Rail Crossing Variant (including Variant 3A Modified No Berry Street Crossing Variant), (4) Mission Bay North Retail Variant, and (5) Castle Metals Block Commercial Industrial/Retail Variant.

In approving the Project, the Board of Supervisors has carefully considered the attributes and environmental effects of the Project and the Alternatives and Variants discussed in the FSEIR. This consideration, along with the reports from the City staff, and considerable public testimony, has resulted in the Project. The Project achieves the objectives as set forth in the FSEIR and the Redevelopment Plans as follows:

1. Eliminating blighting influences and correcting environmental deficiencies in the Plan Area, including, but not limited to, abnormally high vacancies, abandoned buildings, incompatible land uses, depreciated or stagnant property values, and inadequate or deteriorated public improvements, facilities and utilities.

   The Project is a comprehensive mixed-use development program, including substantial new infrastructure, open space and public facilities that address each of these blighting influences. It includes a development program that, if implemented, would eliminate high vacancies, abandoned buildings, incompatible land uses, depreciated or stagnant property values, and inadequate or deteriorated public improvements, facilities and utilities. It also includes a comprehensive environmental remediation program, to be implemented through Risk Management Plans (RMPs), to be approved by the Regional Water Quality Control Board ("RWQCB"), which will address environmental deficiencies in the Plan Area.

2. Retaining and promoting, within the City and County of San Francisco, academic and research activities associated with UCSF, which seeks to provide space for existing and new programs and consolidate academic and support units for many dispersed sites at a single major new site which can accommodate the 2,650,000 square foot program analyzed in the UCSF Long Range Development Plan ("LRDP").

   The Project includes an approximately 43-acre site which will accommodate the development program described in the UCSF LRDP.

On this basis, The Regents has selected Mission Bay as the location for the UCSF major new site among competing sites.

3. Assembling land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Plan Areas.

The Project includes land transfer agreements which would facilitate the assemblage of land into suitable developable parcels. The Project also includes detailed pedestrian, bicycle and vehicular circulation plans designed to accommodate and facilitate development proposed in the Plan Areas.

4. Re-planning, redesigning and developing undeveloped and underdeveloped areas which are improperly utilized.

The Plan Areas now consist of largely vacant and underutilized property. The Project involves the comprehensive replanning and redesigning of the entire Plan Areas to address this underutilization. It also includes Design for Development documents containing detailed design standards and guidelines to ensure that quality urban design is provided throughout the development.

5. Providing flexibility in development of the Plan Areas to respond readily and appropriately to market conditions.

The Redevelopment Plans include broad land use designations to allow a range of appropriate uses within various designations. The Design for Development documents also include sufficient flexibility in their guidelines to respond to a variety of use types. The proposed Mission Bay North and Mission Bay South Owner Participation Agreements (OPAs) are designed to facilitate property transfers in response to market conditions while retaining an appropriate level of discretion and control in the Agency.

6. Providing opportunities for participation by owners in the redevelopment of their properties.

The Project includes proposed OPAs between Catellus and the Agency which provide the terms and conditions for participation by Catellus in the redevelopment of its properties. In addition, the Redevelopment Plans set forth the parameters for future participation by other private property owners in the redevelopment of their properties.

7. Strengthening the community's supply of housing by facilitating economically feasible, affordable housing through installation of needed site improvements and expansion and improvement of the housing supply by construction of approximately 6,090 very low-, low- and moderate-

income and market-rate units, including approximately 1,700 units of very low-, low- and moderate-income housing.

The Project includes the installation of needed site improvements and the expansion and improvement of the housing supply by construction of approximately 6,090 very low-, low- and moderate-income and market-rate units, including approximately 1,700 units of very low-, low- and moderate-income housing. Approximately 28% of the residential units to be developed in the Plan Areas will be affordable housing units, a substantially higher number than required by state law for redevelopment areas.

8. Strengthening the economic base of the Plan Areas and the community by strengthening retail and other commercial functions in the Plan Areas through the addition of approximately 835,000 leasable square feet of retail space, a 500-room hotel and associated uses and about 5,953,600 leasable square feet of mixed office, research and development and light manufacturing uses.

The Project includes a significant retail component of approximately 835,000 square feet of retail space, plus additional retail space to be developed by the Port and the Agency, bringing the total to approximately 863,600 leasable square feet of retail space. The Project would also include a 500-room hotel and associated uses and about 5,953,600 leasable square feet of mixed office, research and development and light manufacturing uses.

9. Facilitating emerging commercial and industrial sectors including those expected to emerge or expand due to the proximity to the new UCSF site, such as research and development, bio-technical research, telecommunications, business service, multi-media services, and related light industrial, through improvement of transportation access to commercial and industrial areas, improvement of safety within the Plan Areas, and the installation of needed site improvements to stimulate new commercial and industrial expansion, employment, and economic growth.

The Project facilitates emerging commercial and industrial sectors and the employment associated therewith, including highly trained workers, by: providing broad land use categories which could accommodate a variety of such uses; improving transportation access to these areas through the new bicycle, pedestrian and vehicular network and proximity to a variety of transit, including the Third Street light rail system; improving safety within the Plan Areas by removing blighting influences, providing lighting and other safety features; conducting environmental remediation; and providing additional site improvements such as parks, community facilities and other amenities.

10. Facilitating public transit opportunities to and within the Plan Areas to the extent feasible.

The Project is in close proximity to a variety of public transportation modes and has been designed in conjunction with the City, including MUNI, to maximize coordination with existing and proposed transit systems. The Project is also designed with a relatively minimal amount of parking and substantial bicycle parking to encourage use of transit consistent with the City's Transit First Policy. The Project includes Transportation Management Plans for both Plan Areas.

11. Providing land in an amount of approximately 47 acres for a variety of publicly accessible open spaces.

The Project meets and exceeds this objective by providing approximately 49 acres of land for a variety of publicly accessible open spaces, including both passive and active uses.

12. Achieving the objectives described above in the most expeditious manner feasible.

The Project provides the ability to achieve these objectives in an expeditious manner by providing for flexibility in land uses and the ability to respond to market conditions, and by including a variety of detailed implementation programs to facilitate development through the Redevelopment Plans and the OPAs and their attachments, including the Infrastructure Plans, the Housing Programs and the Financing Plans.

B. Alternatives Rejected and Reasons for Rejection

The Alternatives and Variants set forth in the FSEIR and listed below are rejected because the Boarad of Supervisors finds that there is substantial evidence that the specific considerations described in this Article IV.B and in Article VII below make infeasible such Alternatives and Variants.

1. Alternative 1: No Project/Expected Growth

Alternative 1 would not be desirable nor meet the project objectives. Implementation of this Alternative would amount to a continuation of the existing conditions, which is characterized by blighting influences and environmental deficiencies. The current uses and uses permitted under the existing zoning scheme do not provide a feasible opportunity to alleviate these conditions, as is evidenced by the lack of new development in this area over the past 30 years, despite entitlements including a zoning scheme and Development Agreement. Alternative 1 further fails to meet the project objectives because it does not provide the opportunity to retain and promote UCSF and the economic and technological benefits associated therewith; includes an inflexible land use scheme which does not allow a ready response to market conditions; does not provide the level of residential, retail or commercial-industrial uses contemplated in the

project objectives within the foreseeable future and does not facilitate emerging commercial-industrial sectors, including those expected to emerge or expand due to proximity to the UCSF site, and the substantial employment opportunities, including those for highly trained workers, associated therewith. The lack of new construction under the current zoning scheme and Development Agreement further suggests that new development, if it were to occur at all, would not be achieved expeditiously.

2. Alternative 2: Redevelopment North of Channel/Expected Growth South of Channel

This Alternative would not be desirable nor meet the project objectives. A redevelopment area would be in place in the North Plan Area, providing some opportunity for alleviation of existing blighting conditions. However, this Alternative, like Alternative 1, would retain the current zoning and would not include a redevelopment plan designation for the South of Channel area. Therefore, it would not meet the objectives for the South Plan Area as described under reasons for rejection of Alternative 1 above.

3. Alternative 3: Residential/Open Space Development

Alternative 3 consists primarily of a substantial residential and open space component. This Alternative was identified as the Environmentally Superior Alternative in the FSEIR. Alternative 3 would meet or exceed the objectives related to provision of housing, including affordable housing, as well as open space. However, this Alternative would not address the important objectives of retaining and promoting UCSF and other commercial-industrial sectors which would be expected to emerge or expand due to their proximity to the new UCSF site, including the economic and technological benefits associated therewith, would not provide flexibility in development of the Plan Areas, and would not include the retail and the other commercial-industrial components described in the project objectives, nor the substantial employment opportunities related thereto, including those for highly trained workers.

4. Variant 3: No Berry Street At-Grade-Rail-Crossing-Variant

This Variant has been superseded by a slightly modified new Variant, Variant 3A, which is proposed as part of the Project. Variant 3 is rejected because the modifications associated with Variant 3A, which provides for an extension of Berry Street south to Common Street, will better facilitate transportation circulation while still improving safety within the Plan Areas by reducing the number of at-grade crossings to one. As compared to Variant 3, Variant 3A also eliminates a significant impact regarding emergency access.

5. Variant 4: (Mission Bay North Retail Variant)

This Variant is substantially the same as under the Project, except that it contemplates changing the mix of uses on the two blocks bounded by Townsend, Third, Berry and Fourth Streets. This Variant was included to provide flexibility in considering the appropriate mix of uses on these blocks and to assess whether an alternative scheme

on these blocks might eliminate any significant traffic impacts that would result from the Project. The analysis concluded that this Variant would not substantially reduce nor eliminate any significant impacts of the Project.

V. MITIGATION MEASURES

The findings in this section concern mitigation measures set forth in the FSEIR. These findings fall into three categories: (1) a discussion of mitigation measures proposed in the FSEIR and recommended for adoption by the Board of Supervisors, which can be implemented by City agencies including, but not limited to, the San Francisco Redevelopment Agency ("Agency"), the Port of San Francisco ("Port"), the Department of Public Works ("DPW"), the Department of Parking and Traffic ("DPT"), the Department of Planning ("Planning"), the Department of Public Health ("DPH"), the Office of Emergency Services ("OES"), the Fire Department, the San Francisco Public Utilities Commission ("SFPUC"), the Public Transportation Commission ("PTC") and the San Francisco Unified School District; (2) a discussion of mitigation measures proposed in the FSEIR and recommended by the Board of Supervisors for modification or rejection and which could be appropriately adopted and implemented by City agencies; and (3) a discussion of mitigation measures proposed in the FSEIR and recommended by the Board of Supervisors for adoption or rejection which are or would be enforceable by agencies other than City agencies.

All of the mitigation measures discussed in the FSEIR are coded and attached hereto as Exhibit 2. In the text of these findings, mitigation measures adopted by the Board of Supervisors are referenced by the number and topic in Exhibit 2. Mitigation measures within the jurisdiction of other agencies are similarly referenced, together with an indication of the appropriate jurisdiction. Mitigation measures are organized by subject matter in the same order that those subjects appear in the FSEIR. Each measure is followed by a parenthetical which indicates whether it applies to the Mission Bay North Redevelopment Project Area **(North)**, Mission Bay South Redevelopment Project Area **(South)**, or both **(North/South)**.

The Board of Supervisors finds that the mitigation measures recommended for adoption, either as they appear in the FSEIR, or as proposed for modification, are feasible and enforceable through the Project Approvals, or, in the case of UCSF, will be applied in substantially similar form, which finding is further supported by the analysis set forth in the Fiscal and Economic Analysis dated August 24, 1998 prepared by the Sedway Group for the Agency and the City.

The Agency is listed as an implementing agency for the majority of the mitigation measures. As further described in Exhibit 1, the Agency's role is generally limited to oversight through the plan review process to confirm that any relevant measures have been implemented by other City agencies and non-City agencies with jurisdiction over such measures. Where a measure is monitored through the site permit or permitting process, the measure is monitored primarily by DBI and/or DPW depending on the nature of the improvement, but the Agency generally will maintain a general oversight role through its participation as a reviewing and approving agency. Thus the measures

proposed for adoption generally will be implemented by the Agency as well as other City agencies.

A discussion of the measures as they relate to development of the new UCSF site by the Regents is provided in Article V.D below.

A. MITIGATION MEASURES RECOMMENDED BY THE BOARD OF SUPERVISORS FOR ADOPTION AS PROPOSED AND IMPLEMENTATION BY CITY AGENCIES

The following measures in the FSEIR have been found by the Board of Supervisors to mitigate, reduce or avoid significant effects and are hereby recommended for adoption and implementation by City agencies, which agencies can and should adopt these measures. The Planning Commission, the Agency, the PTC, the Port, the Building Inspection Commission and the SFPUC have already acted to adopt the measures within their jurisdictions which the Board of Supervisors recommends for implementation below. The Clerk of the Board of Supervisors is hereby directed to transmit copies of these measures to the affected City agencies.

1. Visual Quality and Urban Design

D.1 **Lighting and Glare.** The Agency, the Planning Department and DBI would implement this measure as part of the plan review and site permit processes. The Board of Supervisors recommends that this measure be implemented by the Agency, the Planning Deparatment and DBI. **(North/South)**

D.2 **Architectural Resources - Evaluation of Fire Station No. 30. (South)**

D.2.a. **Retain Building.** The Agency would require retention of an architectural historian to evaluate the building as part of its plan review prior to demolition or alteration of the structure. If the building is found to be eligible for the National Register, the building should be retained. The Agency will consult with the Planning Department's Office of Environmental Review ("OER") and the Landmarks Preservation Advisory Board ("LPAB") as part of its evaluation. The Board of Supervisors recommends that the Agency and the Planning Department implement this measure.

D.2.b. **Demolition Measures.** The Agency would implement this measure as part of its plan review process, in consultation with OER and the LPAB. The Board of Supervisors recommends that the Agency and the Planning Department implement this measure.

D.3 **Archeological Resources.** The Agency would implement this measure prior to excavation as part of its plan review process, and ongoing monitoring would be implemented as required by the measure. The Agency would consult with OER and the LPAB in implementation of this measure. The Board of Supervisors

recommends that the Agency and the Planning Department implement this measure. **(North/South)**

D.4 **Archeological Exploration Program.** The Agency would implement measures D.4.a-D.4.d as part of its plan review, in consultation with OER and the LPAB. The Board of Supervisors recommends that the Agency and the Planning Department implement these measures. **(North/South)**

D.5 **Archeological Monitoring at 19th Century City Dump.** The Agency would implement this measure as part of its plan review, in consultation with OER and the LPAB. The Board of Supervisors recommends that the Agency and the Planning Department implement this measure. **(North/South)**

D.6 **Unknown Archeological Remains.** The Agency would implement this measure as part of its plan review, in consultation with OER and the LPAB. The Board of Supervisors recommends that the Agency and the Planning Department implement this measure. **(North/South)**

D.7 **Pedestrian - Level Winds.** The Agency would implement this measure as part of its plan review. The Board of Supervisors recommends that the Agency implement this measure.**(North/South)**

2. Transportation

E.1 **Third Street/King Street.** The Agency would ensure implementation of measures E.1.a-E.1.c as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. The DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. **(North/South)**

E.2 **Third Street/Berry Street.** The Agency would ensure implementation of measures E.2.a-E.2.c as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. **(North/South)**

E.3 **Third Street/Owens Street.** The Agency would ensure implementation of measure E.3 as part of its plan review, and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. **(South)**

E.4 **Third Street/The Common.** The Agency would ensure implementation of measure E.4 as part of its plan review, and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will

also review the plans. The Board of Supervisors recommends that the Agency, DPTand DPW implement this measure. **(South)**

E.5 **Third Street/South Street.** The Agency would ensure implementation of measure E.5 as part of its plan review, and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. **(South)**

E.6 **Third Street/Sixteenth Street.** The Agency would ensure implementation of measures E.6.a-E.6.b as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. **(South)**

E.7 **Third Street/Mariposa Street.** The Agency would ensure implementation of measures E.7.a-E.7.c as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. **(South)**

E.8 **Fourth Street/King Street.** The Agency would ensure implementation of measures E.8.a-E.8.c as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The PTC would also be involved in implementation of measure E.8.b if it elects to commence service before the Owner's obligation to construct is otherwise triggered. The Board of Supervisors recommends that the Agency, the PTC, DPW, and DPT implement these measures. **(North)**

E.9 **Fourth Street/Berry Street.** The Agency would ensure implementation of measures E.9.a-E.9.d as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The PTC would also be involved in implementation of measure E.9.c if it elects to commence service before the Owner's obligation to construct is otherwise triggered. The Board of Supervisors recommends that the Agency, PTC, DPW and DPT implement these measures. **(North)**

E.10 **Fourth Street/Owens Street.** The Agency would ensure implementation of measure E.10 as part of its plan review, and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. **(South)**

E.11 **Fourth Street/UCSF Private Street.** The Agency would ensure implementation of measure E.11 as part of its plan review, and DPW would ensure

implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. **(South)**

E.12 **Fourth Street/Sixteenth Street.** The Agency would ensure implementation of measure E.12 as part of its plan review, and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. **(South)**

E.13 **Fourth Street/Mariposa Street.** The Agency would ensure implementation of measures E.13.a-E.13.b as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. **(South)**

E.14 **Seventh Street/Sixteenth Street.** The Agency would ensure implementation of measures E.14.a-E.14.f as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT would also participate in implementation of measure 14.a. The Board of Supervisors recommends that the Agency, DPW and DPT implement these measures. With respect to E.14.f, implementation would also be required by non-City agencies. Accordingly, this measure is also listed in Article V.C below. **(South)**

E.15 **Owens Street/Sixteenth Street.** The Agency would implement measure E.15 as part of its plan review and DPW would implement this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. This measure would also be implemented by non-City agencies. Accordingly, this measure is also listed under Article V.C below. **(South)**

E.16 **Owens Street/Mariposa Street/I-280 Off-Ramp.** The Agency would implement measures E.16.a-E.16.b as part of its plan review and DPW would implement these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. These measures would also be implemented by other non-City agencies. Accordingly, these measures are also listed under Article V.C below. **(South)**

E.17 **I-280 On-Ramp/Mariposa Street.** The Agency would ensure implementation of measures E.17.a-E.17.b as part of its plan review and DPW would ensure implementation of these measures as part of its subdivision improvement plan. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. These measures would also be implemented by other non-City agencies. Accordingly, these measures are also listed under Article V.C below. **(South)**

E.18 **Seventh Street/The Common.** The Agency would ensure implementation of measures E.18.a-E.18.b as part of its plan review and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. These measures would also be implemented by other non-City agencies. Accordingly, these measures are also listed under Article V.C below. **(South)**

E.19 **Fifth Street/King Street.** The Agency would ensure implementation of measures E.19.a-E.19.c as part of its plan review and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. These measures would also be implemented by other non-City agencies. Accordingly, these measures are also listed under Article V.C below. **(North)**

E.21 **Third Street.** The Agency would ensure implementation of measures E.21.a-E.21.c as part of its plan review and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. Consultation with the PTC would also be required for measure E.21.c. The Board of Supervisors recommends that the Agency, PTC, DPW and DPT implement these measures. **(North/South)**

E.22 **Mariposa Street.** The Agency would ensure implementation of measure E.22 as part of its plan review and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. This measure would also be implemented by other non-City agencies. Accordingly, this measure is also listed under Article V.C below. **(South)**

E.23. **Fourth Street.** The Agency would ensure implementation of measures E.23.a-E.23.b as part of its plan review and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. Measure E.23.a would involve coordination with and implementation by the PTC. The Board of Supervisors recommends that the Agency, PTC, DPW, and DPT implement these measures. **(North/South)**

E.24 **King Street.** The Agency would ensure implementation of measures E.24.a-E.24.b as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. **(North)**

E.25 **Owens Street.** The Agency would ensure implementation of measures E.25.a-E.25.d as part of its plan review and DPW would ensure implementation of

these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. Measure E.25.a would involve coordination with and implementation by the PTC. The Board of Supervisors recommends that the Agency, PTC, DPW, and DPT implement these measures. **(South)**

E.26 **North Common and South Common Streets Connection.** The Agency would ensure implementation of measures E.26.a-E.26.b as part of its plan review and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. Measure E.26.b would also require coordination with and implementation by DPT and PTC. The Board of Supervisors recommends that the Agency, PTC, DPW, and DPT implement these measures. Measure E.26.a would also require implementation by non-City agencies. Accordingly, this measure is also listed under Article V.C below. **(South)**

E.27 **MUNI Line 22-Fillmore.** The Agency would ensure implementation of this measure as part of its plan review and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. Implementation of this measure would be primarily within the jurisdiction of the PTC. The Board of Supervisors recommends that the Agency, PTC and DPW implement this measure. **(South)**

E.28 **MUNI L-Line, 30 Stockton or 45-Union/Stockton.** The Agency would ensure implementation of measures E.28.a-E.28.d as part of its plan review and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. Primary responsibility for implementation of these measures would lie with the PTC. The Board of Supervisors recommends that the Agency, PTC and DPW implement these measures. Measure E.28.a would also require implementation by non-City agencies. Accordingly, this measure is also listed under Article V.C. below. **(South)**

E.29 **Seventh Street/Brannan Street.** The Agency would ensure implementation of measure E.29 as part of its plan review, and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. **(South)**

E.30 **Seventh Street/Townsend Street.** The Agency would ensure implementation of measures E.30.a - E.30.b as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. **(North)**

E.31 **Seventh Street/Berry Street.** The Agency would ensure implementation of measures E.31.a-E.31.b as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. **(North)**

E.32 **Seventh Street/North and South Common Street.** The Agency would ensure implementation of measures E.32.a-E.32.b as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. **(South)**

E.33 **Sixteenth Street/Potrero Street.** The Agency would ensure implementation of this measure as part of its plan review, and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. **(South)**

E.34 **Sixteenth Street/Vermont Street.** The Agency would ensure implementation of this measure as part of its plan review, and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. **(South)**

E.35 **Eighth Street/Townsend Street.** The Agency would ensure implementation of measures E.35.a-E.35.b as part of its plan review, and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement these measures. **(North)**

E.36 **Third Street/Townsend Street.** The Agency would ensure implementation of measures E.36.a-E.36.b as part of its plan review and DPW would ensure implementation of these measures as part of its review of subdivision and parcel maps. These measures are primarily within the jurisdiction of DPT. The Board of Supervisors recommends that the Agency, DPW and DPT implement these measures. **(North)**

E.38 **Fourth Street/King Street.** The Agency would ensure implementation of this measure as part of its plan review, and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW adopt and implement this measure. **(North)**

E.41 **Fourth Street.** The Agency would ensure implementation of this measure as part of its plan review, and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DPT will also review the plans. The Board of Supervisors recommends that the Agency, DPT and DPW implement this measure. **(North)**

E.42 **Seventh Street.** The Agency would ensure implementation of this measure as part of its plan review and DPW would ensure implementation of this measure

as part of its review of subdivision and parcel maps. This measure is primarily within the jurisdiction of DPT. The Board of Supervisors recommends that the Agency, DPW and DPT implement this measure. This measure would also require implementation by non-City agencies. Accordingly, this measure is listed under Article V.C below. **(North/South)**

E.45 **Extend N-Judah MUNI Metro Line.** The Agency would ensure implementation of this measure as part of its plan review and DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. Primary responsibility for implementation of this measure would be within the jurisdiction of PTC. The Board of Supervisors recommends that the Agency, PTC and DPW implement this measure. **(North/South)**

E.46a **Transportation Management Organizations.** Measures E.46.a would be implemented by the Agency as part of its first Major Phase approval. Ongoing participation and/or monitoring would be required by various City agencies including the Agency, the PTC, DPW and DPT. The Board of Supervisors recommends that the Agency, PTC, DPW and DPT implement this measure. Measure E.46.b is proposed for modification as set forth below. **(North/South)**

E.47 **Transportation System Management (TSM) Plan.** Measures E.47.a-E.47.h would be implemented by the Agency as part of its first Major Phase approval. Ongoing participation would be required by various City agencies including the Agency, PTC, DPW and DPT. The Board of Supervisors recommends that the Agency, PTC, DPW and DPT implement these measures. **(North/South)**

E.49 **Ferry Service.** The Agency would ensure implementation of this measure as part of the first Major Phase approval and the Port would ensure implementation of this measure on an ongoing basis. The Board of Supervisors recommends that the Agency and Port implement this measure. **(North/South)**

3. Air Quality

F.1 **TSM Measures.** Transportation Measures E.46-E.50 would be implemented by the Agency as part of its first Major Phase approval and would also address air quality impacts. Ongoing participation would be required by various City agencies including the Agency, the PTC, DPW and DPT. The Board of Supervisors recommends that the Agency, PTC, DPW and DPT implement these measures. **(North/South)**

F.2 **Construction PM_{10}.** DPW and/or DBI would implement measures F.2.a-F.2.n through the necessary permitting process. The Board of Supervisors recommends that DPW and DBI implement these measures. **(North/South)**

F.3 **Toxic Air Contaminants (TACs).** DPW and/or DBI would implement this measure, in consultation with DPH, through the site permit process. The Board

of Supervisors recommends that DPW, DBI and DPH implement this measure. **(North/South)**

F.4 **Meteorological Station.** Measures F.4.a-F.4.g provide for a meteorological station in Mission Bay South. If located outside of the UCSF site, the Agency would implement these measures in consultation with the Bay Area Air Quality Management District ("BAAQMD"). The Board of Supervisors recommends that the Agency implement this measure. These measures are also within the jurisdiction of non-City agencies. Accordingly, these measures are also listed under Article V.C below. **(South)**

F.5 **Dry Cleaning Facilities.** The Agency would implement this measure, in consultation with DPH and DBI, as part of its plan review. The Board of Supervisors recommends that the Agency, DPH and DBI implement this measure. This measure is also within the jurisdiction of a non-City agency. Accordingly, this measure is also listed under Article V.C below. **(North/South)**

F.6 **Child-Care Buffer Zones.** The Agency would implement this measure, in consultation with DPH and DBI, as part of its plan review. The Board of Supervisors recommends that the Agency, DPH and DBI implement this measure. The implementation of this measure is also within the jurisdiction of a non-City agency. Accordingly, this measure is also listed under Article V.C below. **(North/South)**

4. Noise and Vibration

G.1 **Noise Reduction in Pile Driving.** DPW and/or DBI would implement this measure as part of the necessary permitting process. The Board of Supervisors recommends that DPW and DBI implement this measure. **(North/South)**

G.2. **Potential Vibrations from CalTrain.** DPW and/or DBI would implement this measure as part of the necessary permitting process. The Board of Supervisors recommends that DPW and DBI implement this measure. **(North)**

5. Seismicity

H.1 **Heavy Equipment Storage.** The Agency would implement this measure, in consultation with OES, prior to issuance of the first Certificate of Occupancy. Updating would be required on a periodic basis. The Board of Supervisors recommends that the Agency and OES implement this measure. **(North/South)**

H.2. **Emergency Preparedness and Emergency Response.** The Agency would implement this measure, in consultation with OES, prior to issuance of the first Certificate of Occupancy. Updating would be required on a periodic basis. The Board of Supervisors recommends that the Agency and OES implement this measure. **(North/South)**

H.3 **Comprehensive Preparedness and Response Plan.** The Agency would implement this measure, in consultation with OES, prior to issuance of the first Certificate of Occupancy. Updating would be required on a periodic basis. The Board of Supervisors recommends that the Agency and OES implement this measure. **(North/South)**

H.4. **Fire Station No. 30.** The Agency and DBI would implement as part of plan review and site or building permit processes, in consultation with the Fire Department. The Board of Supervisors recommends that this measure be implemented by the Agency, DBI and the Fire Department. **(North/South)**

H.5 **New Fire Station.** The Agency would implement this measure as part of the plan review process, in conjunction with the City and the Fire Department. The Board of Supervisors adopts this measure and recommends that the Agency and the Fire Department implement this measure. **(South)**

H.6 **Facilitate Emergency Access Routes.** The Agency would implement this measure, in consultation with OES, in conjunction with measure H.3. The Board of Supervisors recommends that the Agency and OES implement this measure. **(North/South)**

H.7 **Corrosivity.** DPW and/or DBI will implement this measure as part of the site permit process. The Board of Supervisors recommends that DPW and DBI implement this measure. **(North/South)**

6. Health and Safety

I.1 **Biohazardous Materials Handling Guidelines.** DBI would implement this measure as part of the building or site permit process, in consultation with DPH. The Board of Supervisors recommends that DBI and DPH implement this measure. **(South)**

I.2 **Use of HEPA Filters.** DBI would implement this measure as part of the building or site permit process, in consultation with DPH. The Board of Supervisors recommends that DBI and DPH implement this measure. **(South)**

I.3. **Handling of Biohazardous Materials.** DBI would implement this measure as part of the building or site permit process, in consultation with DPH. The Board of Supervisors recommends that DBI and DPH implement this measure. **(South)**

7. Contaminated Soils

J.1 **Risk Management Plan(s).** The Agency would ensure implementation of the Risk Management Plan described in measures J.1.a-J.1.o, including recorded deed restrictions, as part of its plan review process. DPH would assist the Regional Water Quality Control Board ("RWQCB") in implementing portions of this mitigation measure. DBI and/or DPW would also ensure implementation of

construction-related portions of this measure through the permitting process. The Board of Supervisors recommends that the Agency, DPH, DPW and DBI, as appropriate, ensure implementation of these measures. Implementation of these measures is also within the jurisdiction of a non-City agency, the RWQCB. Accordingly, these measures are also listed under Article V.C below. **North/South)**

J.2 **Site-Specific Risk Evaluation.** The Agency, following RWQCB approval, would ensure implementation of this measure as part of its plan review process. DPH would assist the RWQCB in implementing this mitigation measure. The San Francisco Unified School District, DBI and/or DPW, as appropriate, would also ensure implementation of the construction-related portions of this measure through the permitting processes. The Board of Supervisors recommends that the Agency, the San Francisco Unified School District, DPH, DPW and DBI, as appropriate, ensure implementation of this measure with the RWQCB. Implementation of this measure is primarily within the jurisdiction of a non-City agency, the RWQCB. Accordingly, this measure is also listed under Article V.C below.**(North/South)**

8. Hydrology and Water Quality

K.1 **Stormwater Pollution Prevention Program (SWPPP).** DPW would implement measures K.1.a-K.1.i as part of its review of subdivision and parcel maps, in consultation with the SFPUC. DBI would also implement this measure through the building or site permit processes. The Board of Supervisors recommends that DPW, DBI, and the SFPUC implement these measures. **(North/South)**

K.2 **Changes in Sanitary Sewage Quality.** DPW would implement this measure as part of its review of subdivision and parcel maps, in consultation with the SFPUC. The Board of Supervisors recommends that DPW and the SFPUC adopt and implement this measure. **(North/South)**

K.3 **Sewer Improvement Design.** DPW would implement this measure as part of its review of subdivision and parcel maps, in consultation with the SFPUC. The Board of Supervisors recommends that DPW and the SFPUC implement this measure. **(North/South)**

K.4 **Alternative Technologies to Improve Stormwater Discharge Quality.** DPW would implement this measure as part of its review of subdivision and parcel maps, in consultation with the SFPUC. The Board of Supervisors recommends that DPW and the SFPUC implement this measure. **(South)**

K.5 **Central/Bay Basin Stormwater Management Program.** DPW would implement this measure as part of its review of subdivision and parcel maps, in consultation with the SFPUC. The Board of Supervisors recommends that DPW and the SFPUC implement this measure. **(South)**

K.6 **Structure Placement and Design to Minimize Dangers of Flooding.** DPW would implement measures K.6.a-K.6.f as part of its review of subdivision and parcel maps, in consultation with the SFPUC. DBI would also implement this measure through its building and site permit processes. The Board of Supervisors recommends that DPW, DBI and the SFPUC implement these measures. **(North/South)**

9. China Basin Channel Vegetation and Wildlife

L.1. **Salt Marsh Wetland Habitat Mitigation Plan.** DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. The Board of Supervisors recommends that DPW ensure implementation of this measure. Implementation of this measure is also within the jurisdiction of non-City agencies. Accordingly, this measure is also listed under Article V.C below. **(North/South)**

L.2. **Wetland Habitat Avoidance.** DPW would ensure implementation of this measure as part of its review of subdivision and parcel maps. DBI would also ensure implementation of this measure through its building or site permit review. The Board of Supervisors recommends that DPW and DBI ensure implementation of this measure. Implementation of this measure is also within the jurisdiction of non-City agencies. Accordingly, this measure is also listed under Article V.C below. **(North/South)**

L.3. **Construction During Pacific Herring Spawning Season.** DPW would implement this measure as part of its review of subdivision and parcel maps. DBI would also ensure implementation of this measure through its building or site permit review. The Board of Supervisors recommends that DPW and DBI implement this measure. **(North/South)**

L.4. **Turbidity Prevention.** DPW would implement this measure as part of its review of subdivision and parcel maps. DBI would also ensure implementation of this measure through its building or site permit review. The Board of Supervisors recommends that DPW and DBI implement this measure. **(North/South)**

L.5. **Construction in Channel.** DPW would implement this measure as part of its review of subdivision and parcel maps. DBI would also ensure implementation of this measure through its building or site permit review. The Board of Supervisors recommends that DPW and DBI implement this measure. **(North/South)**

L.6. **Removal and Disposal Plan.** DPW would implement this measure as part of its review of subdivision and parcel maps. DBI would also ensure implementation of this measure through its building or site permit review. The Board of Supervisors recommends that DPW and DBI implement this measure. **(North/South)**

10. Community Services and Utilities

M.2. **Include Water Conservation in Buildings and Landscaping.** DPW and/or DBI would implement measures M.2.a-M.2.f as part of the permitting process. The Board of Supervisors recommends that DPW and DBI implement these measures. **(North/South)**

M.3. **Extend Auxiliary Water Supply System.** The Agency would implement this measure as part of its plan review and DPW would implement this measure as part of its review of subdivision and parcel maps. This would be implemented in consultation with the Fire Department. The Board of Supervisors recommends that the Agency, DPW and the Fire Department implement this measure. **(North/South)**

M.4. **Sewers and Waste Water Treatment.** The Agency would implement this measures as part of its plan review, and DPW would implement this measure as part of its review of subdivision and parcel maps, in consultation with the SFPUC. DBI would also ensure implementation of this measure through its building or site permit review. The Board of Supervisors recommends that the Agency, DPW, DBI and the SFPUC implement this measure. **(South)**

M.5. **Stormwater.** The Agency would implement this measure as part of its plan review and DPW would implement this measure, in consultation with the SFPUC, as part of its review of subdivision and parcel maps. DBI would also ensure implementation of this measure through its building or site permit review. The Board of Supervisors recommends that the Agency, DPW, DBI and the SFPUC implement this measure. **(South)**

B. MITIGATION MEASURES RECOMMENDED FOR ADOPTION AS MODIFIED AND WHICH WILL BE IMPLEMENTED BY CITY AGENCIES, OR MITIGATION MEASURES RECOMMENDED FOR REJECTION

- Mitigation Measures Recommended for Adoption as Modified

This section recites mitigation measures which are recommended for adoption in modified form. The nature and reason for each modification is set forth. To the extent that the mitigation measure is modified, it is rejected in its original form either for purposes of clarification or because the measure has been more clearly defined through the Project Approvals. The Board of Supervisors finds that the modifications would not result in any new, or substantial increase in, significant impacts.

1. Visual Quality and Urban Design

D.8 **Shadows.** This measure describes circumstances under which shadow studies will be required for the Project. Since the date of publication of the DSEIR, shadow studies were conducted in conjunction with the Mission Bay Citizens' Advisory Committee as part of the design standard and guideline preparation

process. Based upon these studies, the Agency has determined that development complying with the design standards in the Design for Development documents related to height, bulk, and coverage and street walls will reasonably limit areas of shadow on public open spaces during the active months of the year and during the most active times of day. Shadow fan studies conducted as part of the Initial Study process previously established that the Project will not have any significant, adverse shadow impacts because it will not cast any shadows in violation of Proposition K, the Shadow Ban Ordinance. The shadow studies prepared for the Design for Development documents further establish that any shadows would be appropriately limited. Accordingly, Measure D.8 is modified as follows to reflect the process for shadow studies outlined in the Design for Development documents:

> "The Redevelopment Plan documents would require analysis of potential shadows on existing and proposed open spaces during the building design and review process when exceptions to certain standards governing the shape or locations of buildings are requested that would cause over 13% of Mission Creek Park (either North or South), 20% of Bayfront Park, 17% of Triangle Square or 11% of Mission Bay Commons to be in continuous shadow for a period of one hour per day from March to September between 10 a.m. and 4 p.m."

The Agency would implement this measure as part of its plan review. The Board of Supervisors recommends that the Agency implement this measure as modified. **(North/South)**

2. Transportation

E.46.b **Transportation Coordinating Committee**. This measure provides that the City should form a Transportation Coordinating Committee (TCC) including representatives of Project Area property owners, UCSF, SFRA and appropriate city staff, including DPT, MUNI and DPW, to address area-wide transportation planning issues and coordinate with other uses and neighborhoods in nearby areas. The Mission Bay TCC would work closely with the San Francisco Giants concerning issues related to parking and traffic that would affect both Mission Bay employees, visitors, and residents, as well as ballpark patrons. It is also appropriate to include surrounding neighborhood organizations in the TCC to address area-wide transportation planning issues and coordinate with other uses and neighborhoods in nearby areas. Accordingly, this measure is modified to include surrounding neighborhood organizations on the TCC. Ongoing participation and/or monitoring would be required by various City agencies including the PTC, the Agency, DPW and DPT. The Board of Supervisors recommends that the Agency, PTC, DPW and DPT implement this measure as modified. **(North/South)**

E.50 **Flexible Work Time/Telecommuting.** This measure provides that, where feasible, employees be offered the opportunity to work on flexible schedules and/or telecommute. This measure is properly considered as part of a menu of measures to be addressed in the Transportation Management Plans (TMP). Accordingly, this measure is modified to the extent that it is renumbered as Measure E.47.i and included as an element to be considered in the TMP. Measure E.47.i would be implemented by the Agency as part of its first Major Phase approval. The Board of Supervisors recommends that the Agency implement this measure as modified. **(South)**

3. Community Facilities and Utilities

M.1 **Transfer School Site.** The FSEIR indicates that this measure applies to both Plan Areas. However, while this measure includes both North and South residential development in its threshold calculation, the actual implementation of the measure applies solely to Mission Bay South, where the school site is located. As a matter of clarification, the notation after the measure is modified to refer only to the South. This measure would be implemented by the Agency as part of its plan review, in consultation with the SFUSD. The Board of Supervisors recommends that the Agency and SFUSD implement this measure as modified. **(South)**

M.6 **Construct New Fire Station and Provide New Engine Company.** Measures M.6.a-M.6.b provide for construction of a new fire station and provision of a new engine company. This measure is required primarily to address significant seismic (primarily access-related) and community facilities issues associated with development in Mission Bay South. Accordingly, these measures are modified to reflect that they apply only to Mission Bay South, consistent with Measure H.5. The Agency would implement measures M.6.a. – M.6.b in consultation with the City and the Fire Department. The Board of Supervisors recommends that the Agency and the Fire Department implement these measures as modified. **(South)**

• Measures Proposed for Rejection

The Board of Supervisors hereby finds that there is substantial evidence that the specific economic, social or other considerations stated below make the following measures infeasible. The Board of Supervisors recommends that these measure be rejected.

1. Transportation

E.20 **Seventh Street/Berry Street.** Measures E.20.a - E.20.c propose traffic improvements to the intersection of Seventh Street and Berry Street. As discussed in Chapter VII of the FSEIR, these improvements are related to rail crossing signalization and safety facilities, and would apply only to the project described in the Project Description, which includes a second rail crossing.

These measures are not required for the proposed Project, which eliminates the 7th and Berry crossing. Accordingly, these measures are rejected as inapplicable to the Project. **(North)**

E.37 **Third Street/King Street.** Measures E.37.a - E.37.b relate to proposed intersection improvements for Third Street and King Street. Measure E.37.a requires acquisition of additional right-of-way on the eastern portion of Third Street from Berry Street to King Street, which would require reconfiguration and reduction in the proposed plaza area of the Giants Ballpark. The current plaza configuration is instrumental to operation of the ballpark, has been approved by a large number of regulatory agencies, and is the subject of an existing lease between the Giants and the City. Moreover, this area, which is outside of the Plan Areas, has been designed as a key component of the pedestrian network for the ballpark and the surrounding area. It is also an important civic improvement and design feature, serving as the "front door" of the ballpark. For these reasons, Measure E.37.a is rejected. Without implementation of this measure, intersection impacts at Third and King Streets would deteriorate from the current LOS C to LOS D with the Project and LOS E with cumulative 2015 conditions, and LOS F if Measure E.37.b is also rejected. This specific intersection impact is encompassed within the broader statement of significant, unavoidable intersection impacts contained in Article VI. **(North)**

Measure E.37.b would require acquisition of additional King Street right-of-way from Fourth Street to Third Street. While such acquisition would improve the level of service of the operation of the intersection, negative pedestrian safety impacts could result. The additional lane would increase the distance that pedestrians traveling in the north-south direction would walk to cross the street. Although the pedestrian signal could be timed to allow pedestrians to only cross a refuge area in the middle of the street, this refuge area may not be large enough to accommodate heavy pedestrian volumes, such as those expected before and after an event at the adjacent Pacific Bell Park. Accordingly, the imposition of this measure poses serious pedestrian safety risks at a location where heavy pedestrian volumes are expected. These risks are, on balance, of sufficient concern to outweigh the potential level of service improvements. In addition, to provide such an additional right-of-way, block N2 would need to be reduced by approximately 11 feet along the entire length of the block. This block has already been reduced from the earlier development proposal to accommodate additional traffic circulation features. Accordingly, it is the narrowest development block in Mission Bay North at 158 feet deep. The proposed land use program for block N2, including the provision of an affordable housing site and street front retail, cannot be achieved with the additional right-of-way needed for the mitigation measure. Accordingly, implementation of this measure would be inconsistent with the objectives related to the development program for residential and retail uses, and employment related thereto, and therefore is rejected. Without implementation of this measure, intersection impacts at Third and King Streets would deteriorate from the current LOS C to LOS D with the Project and LOS E with cumulative 2015 conditions, and LOS F if

Measure E.37.a is also rejected. This specific intersection impact is encompassed within the broader statement of significant, unavoidable intersection impacts contained in Article VI. **(North)**

E.39 **King Street**. This measure contemplated improvements at King Street between Fourth Street and Third Street. This measure does not address a significant impact on its own; rather, E.39 would reduce significant impacts only if implemented with measure E.37.b and accordingly is rejected for the same reasons as E.37b. **(North)**

E.40 **Third Street**. This measure involves improvements to Third Street between Berry Street and King Street. This measure does not address a significant impact on its own; rather, E.40 would reduce significant impacts only if implemented with measure E.37.a and accordingly is rejected for the same reasons as E.37a. **(North)**

2. Community Services and Utilities

M.2.g. **Water Conservation**. This measure is one component of a menu of items to be considered regarding water conservation. This measure provides that only limited turf areas should be included in open space plans. An important element of the Plan Areas is the provision of substantial open space areas, including primarily grass and turf-covered areas appropriate for a variety of active and passive recreational uses. Limiting turf areas therefore would be inconsistent with an open space program designed to ensure a variety of uses, including sports activity features that require turf areas in the Project. In addition, other effective measures are available under M.2.a-M.2.h to address water conservation. Rejection of this measure therefore would not result in any new significant impacts. Accordingly, this measure is rejected. **(North/South)**

C. MEASURES WITHIN THE JURISDICTION OF NON-CITY AGENCIES

• Measures Proposed for Adoption

The Board of Supervisors finds that the following measures, which are within the responsibility and jurisdiction of non-City agencies as indicated, can and should be adopted:

1. Transportation

E.14.f **Seventh Street/16th Street**. This measure would require approval by the Peninsula Joint Powers Board ("JPB"), the California Public Utilities Commission ("CPUC") and CalTrain. The Board of Supervisors recommends that this measure be approved by the JPB, CPUC and CalTrain. **(South)**

E.15.a **Owens Street/16th Street.** This measure would require approval by Caltrans. The Board of Supervisors recommends that Caltrans approve this measure. **(South)**

E.16 **Owens Street/Mariposa Street/I-280 Off-Ramp.** Measure E.16.a would require approval by the JPB, CalTrain and Caltrans. The Board of Supervisors recommends that the JPB, CalTrain and Caltrans approve this measure. Measure E.16.b would require approval by Caltrans. The Board of Supervisors recommends that Caltrans approve this measure. **(South)**

E.17 **I-280 On-Ramp/Mariposa Street.** Measures E.17.a-E.17.b require approval by Caltrans. The Board of Supervisors recommends that Caltrans approve these measures. **(South)**

E.18 **Seventh Street/The Common.** Measures E.18.a-E.18.b require approval by the JPB, CPUC and CalTrain. The Board of Supervisors recommends that the JPB, CPUC and CalTrain approve these measures. **(South)**

E.19 **Fifth Street/King Street.** Measures E.19.a-E.19.c require approval by Caltrans. The Board of Supervisors recommends that Caltrans approve these measures. **(North)**

E.22.a **Mariposa Street.** This measure requires approval by the JPB, CPUC and CalTrain. The Board of Supervisors recommends that the JPB, CPUC and CalTrain approve this measure. **(South)**

E.26.a **North Common and South Common Streets Connection to Seventh Street.** This measure requires approval by the JPB, CPUC and CalTrain. The Board of Supervisors recommends that the JPB, CPUC and CalTrain approve this measure. **(South)**

E.28.a **MUNI Line 30-Stockton or 45-Union/Stockton.** This measure requires approval by the JPB, CPUC and CalTrain. The Board of Supervisors recommends that the JPB, CPUC and CalTrain approve this measure. **(South)**

E.42 **Seventh Street.** This measure requires approval by the JPB and the CPUC. The Board of Supervisors recommends that the JPB and CPUC approve this measure. **(North/South)**

E.43 **Increase Bay Bridge Tolls.** This measure proposes an increase in Bay Bridge tolls for single-occupant vehicle trips during commute hours. This measure is within the jurisdiction of the Metropolitan Transportation Commission (MTC). The Board of Supervisors recommends that the MTC implement this measure. **(North/South)**

E.44 **AC Transit District.** This measure would encourage the AC Transit District to expand transbay bus service to accommodate cumulative demand and would

further encourage the MTC to provide funding for such a service expansion and support the District in its request for funding from other sources. The Board of Supervisors recommends that AC Transit and the MTC implement this measure. **(North/South)**

2. Air Quality

F.4 **Meteorological Station.** Measures F.4.a - F.4.g provide for a meteorology station in the Plan Area. If the station is sited in the UCSF site, implementation of these measures will be within the jurisdiction of The Regents. Regardless of its location, the BAAQMD will also have a role in implementing this measure. The Board of Supervisors recommends that The Regents, as necessary, and the BAAQMD implement these measures. **(South)**

F.5 **Dry Cleaning Facilities.** This measure prohibits dry cleaning facilities in residential areas and provides design and construction requirements to reduce impacts from toxic air contaminants. This measure will require consultation with the BAAQMD. The Board of Supervisors recommends that the BAAQMD participate in implementation of this measure. **(North/South)**

F.6 **Child-Care Buffer Zones.** This measure requires consultation of pre-school and child care centers with the BAAQMD regarding the locations of their operations. The Board of Supervisors recommends that the BAAQMD participate in the implementation of this measure. **(North/South)**

3. Contaminated Soils

J.1 **Risk Management Plan(s).** Measures J.1.a – J.1.o require the development and implementation of a Risk Management Plan or Plans ("RMP"). These measures would require implementation by the Regional Water Quality Control Board ("RWQCB"). The Board of Supervisors recommends that the RWQCB implement these measures. **(North/South)**

J.2 **Site-Specific Risk Evaluation.** This measure requires a site-specific risk evaluation for certain sensitive receptors. This measure would require implementation by the RWQCB. The Board of Supervisors recommends that the RWQCB implement this measure. **(North/South)**

4. China Basin Channel Vegetation and Wildlife

L.1 **Salt Marsh Wetland Habitat Mitigation Plan.** This measure would require the preparation and implementation of a salt marsh wetland habitat mitigation plan. This measure would be implemented by the U.S. Army Corps of Engineers, the RWQCB and the San Francisco Bay Conservation and Development Commission ("BCDC"). The Board of Supervisors recommends that the U.S. Army Corps of Engineers, the RWQCB and BCDC implement this measure. **(North/South)**

L.2 **Wetland Habitat Avoidance.** This measure would require the avoidance of salt marsh wetland habitat along the China Basin Channel shoreline during installation of suction inlets. This measure would require implementation by the U.S. Army Corps of Engineers, the RWQCB, and BCDC. The Board of Supervisors recommends that the U.S. Army Corps of Engineers, the RWQCB and BCDC implement this measure. **(North/South)**

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• Measure Proposed For Rejection

E.48 **UCSF Parking.** This measure would provide that parking at the UCSF site be provided at the same ratios as for similar uses in the remainder of the Plan Areas. This measure is rejected for the reasons set forth below in Section V.D. **(South)**

D. MEASURES WITHIN THE JURISDICTION OF THE REGENTS

The Regents are the lead agency under CEQA with respect to UCSF's development of the major new site in the Plan Area. Once Catellus and the City transfer land to UCSF, the UCSF site will be owned by The Regents and developed by The Regents for educational purposes, and will therefore be exempt from local land use regulation. Accordingly, implementation of the mitigation measures related to development of the UCSF site are within the jurisdiction of The Regents. The FSEIR included analysis of the impacts of the development of the new UCSF site in Mission Bay, previously analyzed in the UCSF LRDP FEIR and approved by The Regents, in order to provide a comprehensive analysis of the Project.

The Board of Supervisors has reviewed the UCSF LRDP and the mitigation measures and findings adopted by The Regents on January 17, 1997 with respect to the UCSF LRDP FEIR as it relates to the UCSF site at Mission Bay (the "LRDP Findings") and has determined that development of the UCSF site will incorporate all of the applicable mitigation measures proposed by the FSEIR, except for mitigation measure E.48, in one of three ways: (1) UCSF has already adopted equivalent mitigation measures as part of its LRDP FEIR findings; (2) UCSF has adopted policies, procedures, practices and requirements which achieve substantially the same level of mitigation as required in the potentially applicable FSEIR mitigation measures as set forth below; or, (3) UCSF has agreed to implement certain mitigation measures contained in the FSEIR not explicitly addressed by the LRDP FEIR. A description of how the applicable mitigation measure will be implemented in substantially the same form, and achieve the same result, as the mitigation measure proposed in the FSEIR follows.

D.1 **Lighting and Glare.** UCSF LRDP FEIR Measure 12L1-3 was adopted in the LRDP Findings. It is substantially similar to FSEIR Measure D.1 and would reduce any lighting and glare impacts addressed by that measure to a level of insignificance.

D.3-D.6 **Archeological Resources.** Measure 12M4-2 was adopted in the LRDP Findings. It is substantially similar to FSEIR Measures D.3-D.6 and would reduce archeological impacts addressed by those measures to a level of insignificance.

D.7 **Wind Studies.** The UCSF LRDP FEIR does not contain any substantially equivalent measures to FSEIR Measure D.7. Compliance with this measure would be consistent with the UCSF LRDP goals and objectives for the UCSF site as follows: "Physical development at the new site would follow established parameters of local master plans and zoning codes for the site and surrounding area to the maximum extent feasible, including guidelines related to building scale, proportion and setbacks, to promote compatibility between UCSF and neighboring uses." UCSF LRDP, pages 167-68. Compliance with these goals and objectives will ensure that no new or increased significant environmental impacts will occur.

D.8 **D.8.Shadows.** The UCSF LRDP FEIR does not contain any substantially equivalent measures to FSEIR Measure D.8. Compliance with this measure would be consistent with the UCSF LRDP goals and objectives for the UCSF site as follows: "Physical development at the new site would follow established parameters of local master plans and zoning codes for the site and surrounding area to the maximum extent feasible, including guidelines related to building scale, proportion and setbacks, to promote compatibility between UCSF and neighboring uses." UCSF LRDP, pages 167-68. Compliance with these goals and objectives will ensure that no new or increased significant environmental impacts will occur.

E.47 **Transportation System Management Plan.** Measure 12C4-1 was adopted in the LRDP Findings. It is substantially similar to FSEIR Measure E.47 and would result in a similar contribution to reduction of significant impacts.

E.48 **Parking Ratios.** The LRDP identifies a greater number of parking spaces than is applied to other similar uses in the Mission Bay area. UCSF plans to monitor its needs and uses and provide the necessary amount of parking for its demand. There is no other policy or commitment to implement this measure as set forth in the FSEIR.

F.1 **TSM Measures.** Measures 12C4-1 and 12D4-2 were adopted in the LRDP Findings. These measures would implement the portions of Measure F.1 which contemplate direct UCSF participation. They are substantially similar to FSEIR Measure F.1 and would result in a similar contribution to reduction of significant impacts.

F.2 **Construction PM_{10} Measures.** Measure 12D1-1 was adopted in the LRDP Findings. It is substantially similar to FSEIR Measure F.2 and would result in a similar contribution to the reduction in significant impacts.

F.3 **Toxic Air Contaminants**. The UCSF LRDP FEIR does not contain a substantially similar mitigation measure to FSEIR Measure F.3. However, UCSF has an existing process implemented through its Department of Environmental Health and Safety, which oversees new sources of air contaminants and permit compliance. Because UCSF has a stated policy, as discussed in the FSEIR, of keeping the incremental cancer risk from stationary sources of toxic emissions from its facilities at a particular site within the 10-in-1-million emissions standard and a hazard index of less than 1, the existing UCSF policy and procedure is substantially similar to FSEIR Measure F.3 and would result in a similar contribution to the reduction in significant impacts.

F.5 **Drycleaning Facilities**. The UCSF LRDP FEIR does not identify an equivalent measure to FSEIR Measure F.5. The UCSF LRDP does not contemplate inclusion of drycleaning facilities with on-site operations, nor does it contemplate residential uses on the UCSF site. Therefore, the LRDP contemplates compliance with this measure.

F.6 **Child Care Buffer Zones**. The UCSF LRDP FEIR does not contain a substantially similar mitigation measure to FSEIR Measure F.3. UCSF has indicated that it would apply a number of siting criteria in locating a childcare center at its Mission Bay site, which focus on the convenience, safety and security of childcare staff, parents and children. In addition, the location would be assessed for potential health risk effects from toxic air contaminant emissions. The UCSF LRDP FEIR adopted, as its standard of significance, the BAAQMD significance criteria of incremental cancer risk of 10-in-1 million for the sum total of operational stationary sources at the UCSF site. UCSF intends to keep within the 10-in-1 million emission standard. A screening level health risk assessment would be prepared at the time UCSF requires additional project-specific environmental review. The assessment would identify, in particular, the location of any childcare center at the Mission Bay site and assess the potential effects on receptors. UCSF has stated it will work with the BAAQMD as necessary to keep site risks below BAAQMD thresholds of significance. Therefore, UCSF has existing policies and procedures substantially similar to those described in FSEIR Measure F.6, which would result in similar contribution to the reduction in significant impacts.

G.1 **Noise Reduction and Pile Driving**. Measure 12E1-1 was adopted in the LRDP Findings. It is substantially similar to FSEIR Measure G.1 and would reduce noise impacts addressed by that measure to a level of insignificance.

H.1 **Heavy Equipment Storage**. The UCSF LRDP FEIR did not identify an equivalent measure to FSEIR Measure H.1. However, Measure H.1 is intended to apply on a Plan Area-wide basis, rather than to any specific use. The City can implement this measure easily, using non-UCSF property, and still meet the requirements of the measure. Accordingly, further implementation of this measure by UCSF is not necessary to avoid significant impacts on seismicity.

H.2, H.3 **Emergency Preparedness and Emergency Response.** The UCSF LRDP FEIR did not contain substantial equivalent measures to FSEIR Measures H.2 and H.3. However, UCSF has a substantially similar policy and procedure. UCSF has indicated it would include the Mission Bay site in the UCSF Emergency Operations Plan, effective July 1991. The Emergency Plan outlines management systems, management organization and planned response to emergency situations. In addition, it includes areas of responsibility such as medical care, communications and hazardous materials, containment and law enforcement. The Operations Plan provides for coordination and integrated response to major emergency and disasters and is coordinated with a number of local and regional emergency response units, including the Mayor's Office of Emergency Services. UCSF will work with other property owners in the area to ensure coordination and consistency of the Emergency Operations Plan with any other emergency plans for the area. This University policy is substantially similar to FSEIR Measures H.2 and H.3, and would similarly reduce any emergency preparedness and response impacts addressed by these measures to a level of insignificance.

H.7 **Corrosivity.** UCSF is subject to the comprehensive University Policy on Seismic Safety, which was designed to insure that appropriate engineering and design for structures that would be founded on soils that are likely to collapse or subside, or that exhibit expansive characteristics that could damage foundations or structures would be implemented. This policy is substantially similar to FSEIR Measure H.7 and would similarly reduce any potential seismicity impacts addressed by that measure to a level of insignificance.

I.1 **Biohazardous Materials.** The UCSF LRDP FEIR does not contain a substantially equivalent measure to FSEIR Measure I.1. However, UCSF accepts federal funding which requires adherence to the procedures contained in those measures, and, as a matter of institutional policy, adheres to applicable guidelines related to the use of biohazardous materials. Therefore, UCSF's policy is substantially equivalent to FSEIR Measure I.1 and would similarly reduce any impacts addressed in that measure to a level of insignificance.

I.2-I.3 **Biohazardous Materials.** The UCSF LRDP FEIR does not contain a substantially equivalent measure to FSEIR Measures I.2-I.3. However, UCSF has indicated that it will comply with FSEIR Measures I.2-I.3. Therefore, there are no significant environmental impacts associated with these measures.

J.1, J.2 **Risk Management Plan and Site-Specific Risk Evaluation.** Measure 12F4-1 was adopted in the LRDP Findings. In addition, The Regents and Catellus Development Corporation have entered into an agreement which provides for the remediation of the UCSF site through the implementation of Risk Management Plan(s) as called for in FSEIR Measures J.1 and J.2. . Accordingly, Measure 12F4-1 and the UCSF/Catellus RMP agreement are substantially equivalent to

Measures J.1 and J.2 and would reduce any impacts associated with Measures J.1 and J.2 to a level of insignificance.

K.1 Stormwater Pollution Prevention Program. Measure 12H1-1 was adopted in the LRDP Findings. It is substantially equivalent to FSEIR Measure K.1 and would similarly reduce any impact associated with that measure to a level of insignificance.

K.2 Sanitary Sewage Quality. The UCSF LRDP FEIR does not identify an equivalent measure to FSEIR Measure K.2. However, UCSF currently participates in the City's Water Pollution Prevention Program and the City acts as a state agency in its implementation of the Water Pollution Prevention Program; accordingly, the program contemplated under FSEIR Measure K.2 would apply to UCSF.

K.5 Stormwater Program. Measure 12H1-1 was adopted in the LRDP Findings. It is substantially similar to Measure K.5 and would similarly reduce any impacts associated with that measure to a level of insignificance.

K.6 Structure, Placement and Design to Minimize Dangers of Flooding. Measure 12H4-4 was adopted in the LRDP Findings. This measure is substantially similar to FSEIR Measure K.6 and would similarly reduce any impacts associated with that measure to a level of insignificance.

M.2 Water Conservation. Measure M.2 includes water conservation in buildings and landscaping. The UCSF LRDP FEIR does not contain a substantially similar measure. However, UCSF has indicated it would include the Mission Bay site in its policy on energy conservation. As described in the UCSF LRDP FEIR, UCSF must conform to the California Code of Regulations, Titles 20 and 24 to establish conservation standards in new buildings. In addition, UCSF has adopted a resource conservation policy (as revised 2-1-97) to improve the efficiency of all resource consumption and improve the environment in all existing facilities. This policy is substantially similar to Measure M.2 and would similarly reduce any impacts associated with that measure to a level of insignificance.

With respect to the foregoing, the Board of Supervisors finds that the mitigation measures have already been adopted by The Regents, will be applied to development of the UCSF site in Mission Bay, and will mitigate the impacts identified in the FSEIR. Accordingly, the Board of Supervisors finds that The Regents, having jurisdiction over development and operation of the UCSF site, have adopted substantially equivalent measures. There are no new or substantially more severe impacts resulting from partial rejection of these mitigation measures because The Regents are otherwise imposing them on the UCSF site in Mission Bay in substantially equivalent form.

To the extent that the language of the mitigation measures applying to development of the UCSF site appears in slightly modified form either in the LRDP EIR mitigation measures or in UCSF policies and procedures, the Board of Supervisors partially rejects the mitigation measures as set forth in the FSEIR as infeasible for the three

reasons set forth above, because UCSF needs to retain control of, and flexibility in, development of the new UCSF site over an extended period of time, and because the City has minimal ability to enforce the mitigation measures as proposed in the FSEIR. Moreover, development of the UCSF site is a major objective of the City and essential to the successful development of the Mission Bay Plan Areas.

With respect to mitigation measure E.48, which The Regents have not already adopted, the Board of Supervisors rejects its adoption for the following reasons. First, UCSF has made its own computation of parking needs for the UCSF site based on its own experience and its absence of control over the extension of transit facilities in the area. Second, the LRDP FEIR reflects UCSF's plans to limit parking supply to the amount actually needed based on the timing and effectiveness of the City's proposed transit services and UCSF's Transportation Demand Management (TDM) program. Third, UCSF is not willing to reduce planned parking below expected needs until it is demonstrated not to be required due to success of alternative modes. Finally, given the importance of UCSF to the Project, as discussed above in the objectives of the Project and in the Statement of Overriding Considerations below, the Board of Supervisors does not wish to undermine the potential viability of UCSF's plans by seeking the adoption of this mitigation measure.

The Board of Supervisors finds that rejection of mitigation measure E.48 will not result in any new significant impacts not identified in the FSEIR. Measure E.48 is identified as a part of a Transportation System Management program, which includes measures E.46-E.50. The FSEIR concluded that even with imposition of all of these measures, unavoidable significant environmental impacts with respect to transportation and air quality could still occur. Although provision of parking in ratios greater than applicable to other portions of Mission Bay could encourage more people to drive, and thus contribute to that unavoidable significant impact, the impact is identified and addressed in the FSEIR and these findings.

E. ADOPTION OF A MITIGATION MONITORING AND REPORTING PROGRAM

The Board of Supervisors hereby adopts a Mitigation Monitoring and Reporting Program as required by Section 21081.6 of the Public Resources Code. This Mitigation Monitoring and Reporting Program is attached hereto as Exhibit 1 and incorporated herein by reference. The purpose of this program is to determine the stage at which each of the adopted mitigation measures must be imposed in order to ensure that the measure is carried out by the responsible official or entity, or, if the obligation lies with a private entity, that the City or the Agency enforces the obligation.

F. LOCATION AND CUSTODIAN OF RECORD

The public hearing transcript, a copy of all letters received during the public review period, the administrative record, and background documentation for the FSEIR are located at the Planning Department, 1660 Mission Street, San Francisco. The Planning Department, Dorothy Jaymes, is the custodian of record.

VI. SIGNIFICANT ENVIRONMENTAL IMPACTS

The Project includes many aspects and features that reduce or eliminate environmental impacts which could otherwise be significant. The mitigation measures will further reduce significant environmental impacts. Some significant and unavoidable impacts remain and are listed below:

- project and cumulative traffic intersection impacts, primarily affecting intersections at or near I-280 and I-80 and the South of Market Area
- cumulative bridge on-ramp impacts (lengthening of peak congestion)
- project and cumulative regional air quality impacts from increased vehicular emissions, e.g. exceedence of BAAQMD's significance threshold for reactive organic gases and oxides of nitrogen, which are ozone precursors, and for particulate matter
- potentially significant project impacts from toxic air contaminants from mobile sources, from individual stationary sources (because adequate buffers between potential stationary sources and sensitive receptors cannot be shown), from the combined risk due to emissions from multiple facilities, and from cumulative risks (from the Project and other sources)
- cumulative hazardous waste generation and disposal impacts
- cumulative water quality impacts (although the project's contribution to cumulative water quality analysis could be reduced to less-than-significant levels if mitigation measures are imposed)

The significant, unavoidable impacts listed in the FSEIR and recited above assume implementation by the City agencies and other agencies of the mitigation measures recommended for adoption herein to reduce potentially significant impacts. The Board of Supervisors has made a determination that these measures can and should be implemented by City agencies and other agencies. In so determining, the Board of Supervisors has found that the measures to be implemented by the City are feasible and implementable through the Project Approvals, supported by the analysis of the Fiscal and Economic report dated August 24, 1998 prepared by the Sedway Group. Moreover, the Board of Supervisors has determined that measures within the jurisdiction of non-City agencies are generally implementable through the normal course of review and enforcement activities by such agencies and through the exercise of their statutory authority. Measures within the jurisdiction of UCSF are specifically addressed, and Board of Supervisors has determined that UCSF has generally adopted equivalent mitigation measures as part of its UCSF LRDP approval equivalent to those described in the FSEIR, or has adopted policies, procedures, practices and/or requirements which achieve substantially the same level of mitigation as required in any potentially applicable mitigation measures recommended for adoption herein.

However, to the extent that the mitigation measures within the jurisdiction of other City agencies and non-City agencies, including UCSF, are not adopted, one or more of the following additional significant impacts could occur, depending on the

nature of the mitigation measure(s) that is/are not implemented: additional and increased impacts on the transportation and circulation systems; air quality; contaminated soils and groundwater; seismic hazards; the historical resource; and, vegetation and wildlife. There are no specific, feasible mitigation measures available to the Project, other than those identified in the FSEIR, to reduce these impacts to a level of insignificance.

For the reasons above, the Board of Supervisors finds that the Project incorporates all feasible mitigation measures and has eliminated or substantially lessened all significant effects on the environment where feasible. The remaining effects listed above are found by the Board of Supervisors to be acceptable due to the overriding considerations set forth below.

VII. STATEMENT OF OVERRIDING CONSIDERATIONS

Notwithstanding the significant effects noted above, pursuant to CEQA Section 21081(b), the CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code, the Board of Supervisors finds, after considering the FSEIR and the evidence in the record, that specific overriding economic, legal, social and other considerations, as set forth below, outweigh the unavoidable significant effects on the environment of the Project and that the unavoidable impacts are therefore acceptable. In addition, the Board of Supervisors finds that those Project Alternatives, Variants and Mitigation Measures, either partially or totally rejected, are also rejected for the following economic, social or other considerations, in and of themselves, in addition to the specific reasons discussed in Articles IV and V, above.

1. The Project would eliminate blighting influences and correct environmental deficiencies in the Plan Area through a comprehensive plan for redevelopment, including the implementation of Risk Management Plans to address environmental deficiencies.

2. The Project includes a series of detailed design standards and guidelines which will ensure a quality urban design scheme.

3. The Project includes the important ability to retain and promote, within the City and County of San Francisco, academic and research activities associated with UCSF through the provision of a major new site for UCSF.

4. The retention of UCSF through the Project will provide great incentive for emerging commercial-industrial sectors, including employment opportunities for highly trained workers associated therewith, to emerge or expand due to their proximity to the UCSF new site.

5. The Project enables the achievement of an implementable mixed-use development plan incorporating many features which would not be achieved if the area were to be developed in a piecemeal fashion under existing land ownership patterns and regulations.

6. The Project would strengthen the community's supply of housing by facilitating economically feasible, affordable housing through installation of needed site improvements and expansion or improvement of the housing supply by the construction of approximately 6,090 housing units, including approximately 1,700 affordable housing units which will assist in addressing the critical housing shortage identified on the City's General Plan Residence Element.

7. The Project would strengthen the economic base of the Plan Area and the community by strengthening retail and other commercial functions in the Plan Area through the addition of approximately 863,600 leasable square feet of retail space, a 500-room hotel and associated uses and about 5,953,000 leasable square feet of mixed office, research and development and light manufacturing uses.

8. The Project is anticipated to result in significant positive fiscal impacts to the City. These impacts include a cumulative surplus to the City's General Fund of about $405 million in 1998 dollars. Another approximately $117 million in net revenues will accrue to other City funds with dedicated uses, such as senior programs, hotel tax funds (including grants for the arts, fine art museums, visitors and convention services and housing), the Department of Public Works and MUNI. The San Francisco Unified School District is projected to receive a net cumulative surplus of about $5 million.

9. The development proposed by the Project will also have significant positive economic impacts on the City. At full build-out, employment at Mission Bay is expected to be about 31,100. Direct and indirect job generation is estimated to be about 42,000. About fifty-six percent of the direct and indirect jobs are expected to be held by San Francisco residents. The estimated total of 23,600 will comprise about 5% of all jobs held by City residents. Project-related construction employment is projected to total 700 annual full-time equivalent jobs over the build-out period, representing a five percent increase in the City's construction job industry base. The employees working at Mission Bay are expected to generate total household wealth of about $1.5 billion annually. Total direct and indirect wages are expected to be $2.15 billion, of which $1.2 billion is expected to be earned by San Franciscans.

10. The Project provides a comprehensive system for diversity and economic development including good faith efforts to meet goals for hiring minority- and women-owned consulting and contracting businesses, hiring of minority and women laborers, compliance with prevailing wage policies, participation in the City's "First Source Hiring Program" for economically disadvantaged individuals, and contribution of $3 million to the City to help

fund the work force development program. The Project also includes the payment of fees for childcare and school facilities.

11. The Project includes the opportunity for substantial new publicly accessible open spaces totaling approximately 49 acres, including a large Bayfront park and open space on both edges of the Channel.

12. The Project includes an Amended and Restated Port Land Transfer Agreement which provides an opportunity for more efficient Port container cargo operations by adding substantial acreage to the Port's container facility at Pier 80 in exchange for under-utilized Port property within the Plan Area. Under the Amended and Restated City Land Transfer Agreement, the City will be provided with a usable assemblage of land in exchange for currently relatively unusable City property.

13. The Project includes significant new infrastructure, including a comprehensive vehicular, bicycle and pedestrian circulation system, which could not be achieved through piecemeal development. The public infrastructure will include over 33,000 lineal feet of public streets, 157,000 lineal feet of pipes, 20 traffic signals, 49 acres of open space and demolition of the abandoned I-280 freeway stub, plus additional substantial infrastructure as described in the Mission Bay North and Mission Bay South Infrastructure Plans.

14. This new infrastructure included in the Project will be financed through a self-taxing financing device to be imposed upon Catellus. If the Project generates new property tax revenue, then sixty percent of that new revenue will be dedicated to retiring Catellus' taxes which initially will finance the infrastructure to be donated to the City. This system will allow for substantial infrastructure to be constructed without contributions from the General Fund or new taxes on other areas of the City.

15. In addition to benefits of tax increment for infrastructure, any additional tax increment generated by the Project will be dedicated to the City's creation of affordable housing in Mission Bay.

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 constructions 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:

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

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

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

THE REGENTS:

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
a California corporation

By:_____
Name:
Title:

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.

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

No Recording Fee pursuant to Government Code Sections 6103 and 27383

APN: _____

TERMINATION AGREEMENT

(Tax Payment Agreement [Mission Bay South - Land Use Blocks 33 and 34]

THIS TERMINATION AGREEMENT (this "Termination") is made as of _____ ____, 2014 by and among FOCIL-MB, LLC, a Delaware limited liability company ("FOCIL"), and THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California corporation (the "Regents"). FOCIL and the Regents are referred to herein as the "Parties."

RECITALS

A. WHEREAS, the Regents of the University of California, a California corporation, is the current record owner of certain real property commonly referred to as Mission Bay South Blocks 33 and 34, as more particularly described in Exhibit A hereto and incorporated herein by this reference ("Property").

B. WHEREAS, the Property is subject to that certain Tax Payment Agreement [Mission Bay South – Land Use Blocks 33 and 34] dated as of August 20, 2010 by and between FOCIL and ARE-San Francisco No. 22, LLC, and recorded in the official records of the office of the Recorder of the City and County of San Francisco on September 22, 2010 as Instrument Number 2010J053675 (the "Tax Payment Agreement")

C. WHEREAS, the Regents has entered into alternate financial arrangements with FOCIL and with 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"), with the consent of the City and County of San Francisco, pursuant to which the Regents has agreed to make certain

payments to FOCIL and the Successor Agency.

D. WHEREAS, the Parties now desire to terminate the Tax Payment Agreement of record in accordance with the terms and provisions hereof.

NOW, THEREFORE, in accordance with the above recitals, the truth and accuracy of which are hereby acknowledged, the undersigned hereby declare that:

1. For good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby permanently and forever terminate the Tax Payment Agreement and agree that the Tax Payment Agreement shall no longer be of any force or effect. The Parties hereby (a) rescind, cancel, remove of record, and render void and of no force and effect the Tax Payment Agreement, (b) hereby remove the encumbrance of the Tax Payment Agreement and declare that the matters disclosed therein shall no longer be an encumbrance, exception or lien against the title to the Property, and (c) declare that the Property shall remain unencumbered by the Tax Payment Agreement from and after the date hereof.

2. FOCIL has not previously assigned, conveyed, or otherwise transferred any of its rights in and to the Tax Payment Agreement to any other person or party.

3. The Parties represent and warrant to each other that (i) they have full power and authority to execute and enter into this Termination and to agree to the terms and provisions set forth herein; and (ii) as of the date hereof, this Termination has been duly executed and delivered by each Party and is a valid and binding obligation of such Party, enforceable in accordance with its terms.

4. This Termination shall be binding upon, enforceable by and against and inure to the benefit of the Parties and their respective successors and assigns, including, without limitation, all subsequent owners of the Property or any portion thereof or interest therein and all persons claiming under them.

5. This Termination shall be governed and construed in accordance with the laws of the State of California.

6. This Termination may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this Termination to be duly executed and delivered as of the date first written above.

THE REGENTS:

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
a California corporation

By:_____
Name:
Title:

FOCIL:

FOCIL – MB, LLC,
a Delaware limited liability company

By:_____
Name:
Title:

CONSENT AND AGREEMENT BY SUCCESSOR AGENCY:

The undersigned 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 (the "Successor Agency") hereby consents to the terms and provisions of this Termination Agreement to which this Consent and Agreement is attached.

SUCCESSOR AGENCY:

Successor Agency to the Redevelopment Agency
of the City and County of San Francisco

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

Approved as to Form:

By: _____
Name: James Morales
Title: General Counsel

STATE OF _____)

) §

County of _____)

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

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

WITNESS my hand and official seal.

_____

Signature of Notary

(Affix seal here)

Exhibit A

Description of Property

Free Recording Pursuant to
Government Code Section 27383 at the
Request of the Successor Agency to the
Redevelopment Agency City and County of
San Francisco

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Successor Agency to the Redevelopment
Agency of the City and County of San
Francisco
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Executive Director

(SPACE ABOVE THIS LINE FOR
RECORDER'S USE ONLY)

FIFTH AMENDMENT TO

MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT

Dated as of _____ _____, 2014

By and Between

THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO

and

FOCIL-MB, LLC

FIFTH AMENDMENT TO
MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT

THIS FIFTH AMENDMENT TO MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT (this "**Amendment**") dated for reference 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, established and existing under the laws of the State of California, commonly known as the Office of Community Investment and Infrastructure (the "**Successor Agency**") and FOCIL-MB, LLC, a Delaware limited liability company (the "**Owner**" or "**FOCIL**"). As used in this Amendment, "City" means the City and County of San Francisco, a charter city and county. All initially capitalized terms in this Amendment shall have the meanings set forth in the South OPA (as defined below), unless otherwise specifically provided in this Amendment.

THIS AMENDMENT is made with reference to the following facts and circumstances:

A. In accordance with the Community Redevelopment Law of California (Cal. 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 in this Amendment as the "**Redevelopment 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 the South embankment of China Basin Channel and Seventh Street, Interstate 280, Mariposa Street, Terry Francois Boulevard, and Third Street, as more particularly described in the Redevelopment Plan (the "**South Plan Area**").

B. To implement the Redevelopment Plan, The Redevelopment Agency of the City and County of San Francisco (the "**Former Agency**") and Catellus Development Corporation, a Delaware corporation ("**CDC**"), entered into that certain Mission Bay South Owner Participation Agreement dated as of November 16, 1998 (the "**Original**

OPA") and recorded December 3, 1998 as Document No. 98-G477258-00 in the Official Records, which was amended by a (i) First Amendment to Mission Bay South Owner Participation Agreement (the "**First OPA Amendment**") dated as of February 17, 2004 and recorded March 3, 2004 as Document No. 2004H669955 in the Official Records, 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) Second Amendment to Mission Bay South Owner Participation Agreement (the "**Second OPA Amendment**") dated as of November 1, 2005 and recorded November 30, 2005 as Document No. 2005I080843 in the Official Records, between Former Agency, CLDC, and the Owner, successor in interest to all of CLDC's rights and obligations under the Original OPA, as amended by the First OPA Amendment, (iii) Third Amendment to Mission Bay South Owner Participation Agreement (the "**Third OPA Amendment**") dated as of May 21, 2013 and recorded December 9, 2013 as Document No. 2013J802261 in the Official Records, between Successor Agency and the Owner, and (iii) Fourth Amendment to Mission Bay South Owner Participation Agreement (the "**Fourth OPA Amendment**") dated as of June 4, 2013 and recorded December 9, 2013 as Document No. 2013J802262 in the Official Records, between Successor Agency and the Owner. The Original OPA, as amended by the First OPA Amendment, the Second OPA Amendment, the Third OPA Amendment and the Fourth OPA Amendment shall be referred to in this Amendment as the "**South OPA**".

C. On February 1, 2012, the Former Agency was dissolved pursuant to 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**").

D. Under the Redevelopment Dissolution Law, a successor agency has the continuing obligation, subject to certain review by an oversight board and the State of California's Department of Finance ("**DOF**"), to implement "enforceable obligations" which were in place before the suspension of such redevelopment agency's activities on June 28, 2011, the date that AB 26 was approved. The Redevelopment Dissolution Law defines "enforceable obligations" to include bonds, loans, judgments or settlements, and any "legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy" (Cal. Health & Safety Code § 34171(d)(1)(e)), as well as certain other obligations, including but not limited to requirements of state law and agreements made in reliance on pre-existing enforceable obligations. The South OPA meets the definition of "enforceable obligations" under the Redevelopment Dissolution Law.

E. In Ordinance 215-12, the San Francisco Board of Supervisors acknowledged the separate legal status of the Successor Agency (also commonly known as the Office of Community Investment and Infrastructure, or "**OCII**") as the successor agency to the Redevelopment Agency; created the Successor Agency Commission; and delegated to the Successor Agency Commission, among other powers, the authority to act in place of the Redevelopment Agency to implement, modify, enforce and complete surviving redevelopment projects, including, without limitation, three major integrated, multiphase revitalization projects, which are the Mission Bay North and Mission Bay South Projects, the Hunters Point Shipyard/Candlestick Point Project, and the Transbay Project (collectively, the "**Major Approved Development Projects**"), and which are subject to enforceable obligations requiring the implementation and completion of those projects.

F. As required by AB 26, the Mayor appointed, and the Board of Supervisors confirmed, four members to the Oversight Board of the City and County of San Francisco ("**Oversight Board**") (Cal. Health and Safety Code Section 34179(a)(10)).

G. With respect to the Major Approved Development Projects, Ordinance 215-12 designated the Successor Agency Commission authority to approve all contracts and actions related to the assets transferred to or retained by the Successor Agency, including, without limitation, the authority to exercise land use, development and design approval authority for the Major Approved Development Projects. The authority of the Successor Agency Commission, with respect to the Major Approved Development Projects includes the authority to approve amendments to enforceable obligations as allowed under Redevelopment Dissolution Law, subject to any required approval by the Oversight Board, consistent with applicable enforceable obligations.

H. Ordinance 215-12 acknowledged that the Successor Agency has retained enforceable obligations for the development of affordable housing, including Retained Housing Obligations as defined therein, required to fulfill the Major Approved Development Projects.

I. Ordinance 215-12 provides that the Successor Agency Commission shall not modify the Major Approved Development Projects or the Retained Housing Obligations in any manner that would decrease the commitment of property tax revenue for affordable housing or materially change the obligations to provide affordable housing without obtaining the approval of the Board of Supervisors and any required approval of the Oversight Board.

J. Bay Jacaranda No. 3334, LLC, a Delaware limited liability company ("**Bay Jacaranda 3334**") is the current owner of that certain real property located in the South Plan Area commonly referred to as Mission Bay South Development

Blocks 33 and 34 (consisting of Lot 001, Block 8725 (a portion) and Lot 004, Block 8725) (collectively, the "**Block 33/34 Expansion Property**").

K. The Regents of the University of California (the "**Regents**") desires to purchase the Block 33/34 Expansion Property, and Bay Jacaranda 3334 desires to sell the Block 33/34 Expansion Property to the Regents. The acquisition of the Block 33/34 Expansion Property by the Regents will help the University of California, San Francisco ("**UCSF**") accommodate its future growth plans in San Francisco and, specifically, in the South Plan Area.

L. Under the South 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**"), property tax increment generated by development in the South Plan Area is contractually dedicated, among other things, to develop affordable housing units to achieve the affordable housing program contemplated by the Redevelopment Plan.

M. The South OPA requires the Owner 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 South OPA and the Pledge Agreement, the Successor Agency is obligated to fund, repay or reimburse the Owner, 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 property under a Community Facilities District ("**CFD**"), (ii) payment of net available property tax increment generated within the South 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 South Plan Area. As contemplated under the South OPA, the Former Agency established a separate CFD to pay the costs of maintaining the public open space in the South Plan Area and in Mission Bay North.

N. The Block 33/34 Expansion Property (as well as other parcels located in the South Plan Area) is 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 such term is defined in the PILOT Agreement) that acquires the subject 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 South OPA, 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 subject property on the implementation of the Redevelopment Plan, and

specifically on the Successor Agency's ability to (i) increase, improve and preserve affordable housing and (ii) reimburse Owner 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 Owner, to modify or waive provisions obligating Tax Exempt Entities to make PILOT Payments. Similarly, Section 14.7 of the South OPA prohibits an owner from selling or leasing property to a tax exempt entity without entering into, or requiring a tax exempt entity to enter into, a PILOT Agreement without the written consent of both the Successor Agency and City.

O. As a State agency, the Regents is exempt under the State Constitution from property taxes on property it uses in furtherance of its educational mission. As previously mentioned, a portion of such property tax increment (or in the case of the Block 33/34 Expansion Property, the Pilot Payments that otherwise are required under Section 14.7 of the South OPA and the PILOT Agreement) is dedicated under the South OPA and the Pledge Agreement for the development of affordable housing in Mission Bay and another portion is dedicated toward reimbursing costs of the construction of public Infrastructure (as defined in the South OPA) in the South Plan Area.

P. An expansion of UCSF facilities in Mission Bay will generate jobs and other substantial economic and public benefits for the City. Such expansion may also accelerate private development elsewhere in Mission Bay, including biotechnology uses, and serve as an engine for other development, increasing tax increment beyond what otherwise might have been produced from those parcels and producing additional tax revenues both inside and outside Mission Bay. At the same time, because of UCSF's exemption from property taxes, payroll taxes, parking taxes, and transfer taxes, the City could lose significant General Fund revenues that otherwise would have been produced through redevelopment of the Block 33/34 Expansion Property for private uses. As is the case now, UCSF will generate tax revenues to the City through its expansion, both directly as a result of sales taxes for its retail uses (e.g., gift store, pharmacy, etc.), and indirectly from sales and parking taxes on certain uses paid by its employees and students, sales taxes paid in connection with construction materials for UCSF capital projects, and transient occupancy taxes paid by visitors attending UCSF conferences. These tax revenues and other revenues generated by UCSF's presence in San Francisco help offset the net loss of General Fund revenues due to UCSF's tax exemption. In addition, an expansion of UCSF facilities in Mission Bay would allow UCSF to consolidate its operations and allow it to relocate certain of its operations and employees from other UCSF locations in San Francisco into the Block 33/34 Expansion Property. Such relocation by UCSF could result in these other sites being returned to the City tax rolls through tax paying activities and uses which would, in

turn, generate additional General Fund revenues and revenues for other taxing agencies.

Q. 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, sets forth a framework for UCSF's obligations (including financial and development-related obligations) to the Successor Agency and the City with respect to both UCSF's development of Blocks 36-39 and X3 in the South Plan Area as well as a possible framework for such obligations with respect to additional property UCSF might acquire in the South Plan Area.

R. Concurrently with, and subject to the parties' entering into, this Amendment, the Successor Agency is entering into a Memorandum of Understanding for the Mission Bay South Redevelopment Project Area Blocks 33-34 (the "**MOU**") with the Regents relating to the Regents' acquisition and development of the Block 33/34 Expansion Property, and is entering into a Release Agreement and Covenant Regarding Assumption of the Mission Bay South Owner Participation Agreement with the Regents and Bay Jacaranda 3334, substantially in the form attached as Exhibit A to this Amendment (the "**OPA Release and Covenant**").

S. In connection with development of its facilities on the Block 33/34 Expansion Property, the Regents has agreed, under a separate agreement between Owner and the Regents (the "**Infrastructure Agreement**"), to pay the Owner a one-time payment that will offset the property tax increment that would have been generated by the development of the Block 33/34 Expansion Property by a taxable entity and would have been used to reimburse the Owner for costs of the construction of public Infrastructure in the South Plan Area. The Regents has also agreed with Owner, and with the City and the Successor Agency as provided in the MOU, that the Block 33/34 Expansion Property shall remain subject to the CFDs that the Former Agency established for Infrastructure and open space maintenance, and the Regents has agreed to pay its pro rata share of the principal and interest for Mello Roos Bonds issued by the CFDs. Finally, under the MOU, the Regents has agreed to make a one time, upfront payment to the Successor Agency to offset the property tax payments that would have been received by the Successor Agency for the development of affordable housing units in the South Plan Area if the Block 33/34 Expansion Property had been developed by a taxable entity.

T. The Regents has agreed in the MOU to pay the costs incurred by the Successor Agency and the City in connection with the negotiation of this Amendment and related documents, as well as any design review of the development of the Block 33/34 Expansion Property.

U. The South OPA provides that as a condition to any Transfer (as defined in the South OPA), the transferor obtain the agreement of the transferee to assume all of the transferor's obligations under the South OPA with respect to the transferred parcels. In connection with certain Transfers of property within the South Plan Area, the transferor is entitled, upon satisfaction of certain conditions, to receive a release from the Successor Agency of all of the transferor's obligations under the South OPA. Successor Agency is willing to (i) forego the requirement that the Regents assume all of the obligations of Bay Jacaranda 3334 under the South OPA relating to the Block 33/34 Expansion Property in order for Bay Jacaranda 3334 to obtain a release of such obligations, (ii) consent to the proposed Transfer of the Block 33/34 Expansion Property from Bay Jacaranda 3334 to the Regents, and (iii) agree to release Bay Jacaranda 3334 from its obligations under the South OPA (and related PILOT Agreement) with respect to the Block 33/34 Expansion Property upon the occurrence of such Transfer, all subject to the terms and conditions set forth in the OPA Release and Covenant, in consideration of the public benefits that will flow to the Successor Agency and the City from the transactions contemplated in this Amendment and under the MOU. Such benefits include, but are not limited to, the following: the agreement by the Regents to make the Affordable Housing Payment described in the MOU, which exceeds the tax increment that the Successor Agency would have received from the Blocks 33/34 Expansion Property if the Block 33/34 Expansion Property were owned and developed by a taxable entity, to pay the Special Taxes under the CFDs that the Block 33/34 Expansion Property is part of, to abide by certain requirements under the Redevelopment Plan and Required Design Standards (as defined in the MOU) in developing the Block 33/34 Expansion Property, to pay the Owner the Infrastructure Payment, defined in Section 2 below, to offset tax increment that would have been available for Infrastructure reimbursement from the Block 33/34 Expansion Property if the Block 33/34 Expansion Property were owned and developed by a taxable entity, and to work cooperatively with the Successor Agency and the City regarding land use and planning issues on the Block 33/34 Expansion Property, and to assure that the mutual interests of UCSF, the Successor Agency and the City are addressed, all as more particularly set forth in the MOU.

V. The Successor Agency and FOCIL wish to enter into this Amendment to further effectuate the program of development contemplated by the Mission Bay South Redevelopment Plan. The parties are entering into this Amendment to memorialize their understanding and commitments concerning the matters generally described above.

W. This Amendment changes the flow of tax increment funds that would be available to the Successor Agency for the construction of affordable housing and thus constitutes a material change in the South OPA affordable housing obligations that the Board of Supervisors must approve, under Section 6(a) of Ordinance

No. 215-12. However, for the reasons stated in the MOU and in Recital U of this Amendment, this material change is a benefit to Mission Bay South and the City.

X. Consistent with its authority under Ordinance 215-12 to approve a material change to the obligations to provide affordable housing in Mission Bay South, by Resolution No. _____ the Board of Supervisors, acting as the legislative body of the Successor Agency, has approved this Amendment and provisions of the MOU and OPA Release and Covenant that waive the requirement of Section 14.7(a) of the South OPA for a PILOT Agreement for the Block 33/34 Expansion Property while used by The Regents for UCSF Purposes, as defined in the MOU. Further, since the City's consent is required under the South OPA for any transfers that are not subject to a PILOT Agreement, the Board of Supervisors, acting as the governing body of the City, by Resolution No. _____ has consented to the provisions of the MOU and OPA Release and Covenant that waive the requirement of Section 14.7(a) of the South OPA for a PILOT Agreement for the Block 33/34 Expansion Property while used by The Regents for UCSF Purposes.

Y. Under Redevelopment Dissolution Law, the Oversight Board has the authority to "approve any amendments to [any contracts between the dissolved redevelopment agency and any private parties] if [Oversight Board] finds that amendments...would be in the best interests of the taxing entities." Cal. Health & Safety Code Section 34181(e). The transfer of the Block 33/34 Expansion Property to the Regents, when taken together with the Regents' agreements set forth in the MOU and the Infrastructure Agreement, provides substantial benefits to the Successor Agency and the taxing entities, including a payment for affordable housing that exceeds what a private owner would otherwise be required to pay, acceleration in the completion of the affordable housing program for Mission Bay South and in the winding down of the redevelopment project, and the other public benefits described in the MOU, and is in the best interest of the taxing agencies, and accordingly this Amendment, which is required under the terms of the MOU, meets the standard of Redevelopment Dissolution Law for amending an agreement with a private party.

Z. The Oversight Board, consistent with its authority under AB 26 to approve amendments to agreements between the dissolved redevelopment agency and private parties where it finds that amendments or early termination would be in the best interests of the taxing entities, by Resolution No. _____, determined that an amendment to the South OPA that would facilitate a Transfer of the Block 33/34 Expansion Property to the Regents is in the best interests of the taxing entities.

AA. Under Redevelopment Dissolution Law, the DOF must receive notice and information about all Oversight Board actions, which do not take effect until DOF has either not requested review within five business days of the notice or requested review and approved the action within 40 days of its review request. On _____, 2014, the Successor Agency provided a copy of Oversight Board Resolution No. _____ to

DOF, which did not object to the amendment to the South OPA within the statutory time period for its review, or which approved the amendment to the South OPA within the statutory time period of the Successor Agency's review request.

AGREEMENT

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

1. Suspension of Requirement for Assumption Agreement; Suspension of Application of South OPA to Block 33/34 Expansion Property.

1.1 The provisions of this Section 1 are subject to the satisfaction of the Approval Conditions (as defined in Section 7.2) and effective as of the Effective Date specified in Section 7.1 below.

1.2 FOCIL and the Successor Agency acknowledge and agree that notwithstanding Section 14.1(e) of the South OPA requiring the delivery to the Successor Agency of an agreement of the transferee to assume all of the transferor's obligations under the South OPA with respect to Transferred Property (an "**Assumption Agreement**"), subject to the terms and conditions set forth in the OPA Release and Covenant and the MOU the Successor Agency will consent to the Transfer of the Block 33/34 Expansion Property by Bay Jacaranda 3334 to the Regents without delivery of an Assumption Agreement by the Regents.

1.3 FOCIL and the Successor Agency hereby expressly acknowledge and agree that upon Transfer of the Block 33/34 Expansion Property to the Regents, and for so long thereafter as provided in the OPA Release and Covenant, the South OPA will be suspended and will not apply to the Block 33/34 Expansion Property, other than the Excluded Rights and Excluded Obligations, as defined in that certain Assignment, Assumption and Release Agreement among the Agency, FOCIL, and ARE, effective as of November 15, 2005, and recorded in the Official Records on November 15, 2005, at Reel JO 17, Image 0566, Series No. 2005-1072094-00 (the "Master Developer Assignment"), pursuant to which (i) FOCIL assigned to ARE certain rights under the South OPA relating to the Block 33/34 Property and certain obligations under the South OPA relating to the Block 33/34 Property, and (ii) FOCIL retained certain rights under the South OPA relating to the Block 33/34 Property (as set forth and defined in Paragraph 2.1 of the Master Developer Assignment, the "Excluded Rights") and certain obligations under the South OPA relating to the Block 33/34 Property (as set forth and defined in Paragraph 2.1 of the Master Developer Assignment, the "Excluded Obligations"), upon the terms and conditions set forth in such Master Developer Assignment.

2. No Reimbursement for Infrastructure Costs Covered by Infrastructure Payment or Infrastructure Agreement. FOCIL represents and agrees that the Infrastructure Agreement (A) requires the Regents to make a one-time payment of $21,900,000 (the "**Infrastructure**

Payment") to off-set the property tax increment that would have been generated by the development of the Block 33/34 Expansion Property by a taxable entity to be used for that construction of the Infrastructure Improvements in the South Plan Area, including any potential mitigation measures required by the FSEIR triggered by cumulative development, as anticipated in the Infrastructure Plan, and (B) requires the Regents to reimburse FOCIL for the cost of any increases in Infrastructure costs ("**Additional Infrastructure Costs**") that result from changes to the Infrastructure Improvements or the phasing or schedule of Infrastructure Improvements made (i) to accommodate changes in the scope or density of the Regents' development on the Block 33/34 Expansion Property, or (ii) if the specific use or uses being developed by the Regents, including the Regents' Infrastructure, require modifications of the type, nature, location, amount or cost of Infrastructure under the Infrastructure Plan, as such Infrastructure Plan may be modified to accommodate the Regents' contemplated use or uses, or (iii) at the Regents' request. FOCIL acknowledges and agrees that the Infrastructure Payment shall be applied toward the cost of Infrastructure in the South Plan Area required under the Infrastructure Plan and that it does not have any right to receive any reimbursement from the Successor Agency from tax increment or any other source for the Additional Infrastructure Costs.

3. FOCIL Not Liable for Default by the Regents. The Successor Agency hereby expressly acknowledges and agrees that upon Transfer of the Block 33/34 Expansion Property to the Regents, neither FOCIL nor any of FOCIL's parent, affiliated and subsidiary companies, nor any of FOCIL's or such companies' officers, directors, shareholders, agents, employees and attorneys, and their respective successors and assigns (collectively, "**FOCIL Affiliates**") shall be liable for any default by the Regents in the performance of the Regents' obligations to the Successor Agency or the City with respect to the Block 33/34 Expansion Property under any agreements between the Regents and the City and/or the Successor Agency (including, without limitation, the OPA Release and Covenant and the MOU), and no default by the Regents with respect to any such obligations shall entitle the Successor Agency to modify or terminate the South OPA, or otherwise affect any rights or obligations of any person or entity under the South OPA, with respect to any portion of the South Plan Area other than the Block 33/34 Expansion Property.

4. Intentionally Omitted.

5. No Adverse Change on Entitlements for Balance of Plan Area. Notwithstanding the Successor Agency's consent to the Transfer of the Block 33/34 Expansion Property to the Regents, the Successor Agency acknowledges and agrees that none 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 interest through either Catellus, FOCIL or their respective affiliates will lose any of the entitled development potential for the balance of their respective land (excluding the Block 33/34 Expansion Property) or any of their respective rights and privileges with respect to such land under any of their respective agreements with the Successor Agency, as the result of Successor Agency's consent to the Transfer, or as the result of any use or development of the Block

33/34 Expansion Property by the Regents consistent with the MOU, other than the loss by Bay Jacaranda 3334 and Seller Affiliates of the development rights that Bay Jacaranda 3334 is transferring in connection with the Transfer of the Block 33/34 Expansion Property. Without limiting the foregoing, specifically with respect to the South Plan Area, the Successor Agency's approval of the Transfer of the Block 33/34 Expansion Property to the Regents shall not result in any of the following with respect to the balance of the land that is subject to the South OPA (excluding the UC Expansion Parcels, the UCSF campus site, the Block 33/34 Expansion Property, any other property acquired by The Regents, and Blocks X2, X3 and X4), and assuming that The Regents complies with the 1,020,000 Floor Rentable Area limitation of development on the UC Expansion Parcels and the 500,000 Floor Rentable Area limitation of development on the Block 33/34 Expansion Property:

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 UC 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 UC Expansion Parcels), less the 500,000 gross square feet of Floor Rentable Area of development allocated to Blocks 33 and 34;

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 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.

6. No Future Consent/Amendment of Block 33/34 Development Rights without FOCIL Consent. Article 3 of the South OPA is hereby amended to add the following Section:

3.11. No Future Consent/Amendment of Block 33/34 Development Rights without FOCIL Consent. The Successor Agency shall not (i) consent to development on the Block 33/34 Expansion Property (as defined in the Fifth Amendment to this South OPA) in excess of 500,000 gross square feet of Floor Rentable Area, or (ii) consent to or take any other action with respect to the Block 33/34 Expansion Property, including but not limited to changing any land use designation or zoning applicable to the Block 33/34 Expansion Property, granting a zoning variance or exception, or modifying the MOU or OPA Covenant, that would result in an Adverse Change, as defined below, without in each case obtaining the written consent of FOCIL. As used in this Section 3.11, "Adverse Change" means with respect to the balance of the land that is subject to the South OPA (excluding the UC Expansion Parcels, the UCSF campus site, the Block 33/34 Expansion Property, any other property acquired by The Regents, and Blocks X2, X3 and X4) a change that results in 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 losing any of the entitled development potential for the balance of their respective land (excluding the UC Expansion Parcels, the UCSF campus site, the Block 33/34 Expansion Property, any other property acquired by The Regents, and Blocks X2, X3 and X4) or any of their respective rights and privileges with respect to such land under any of their respective agreements with the Agency or Successor Agency or as the result of any use

or development of the Block 33/34 Expansion Property by the Regents. Without limiting the foregoing, specifically with respect to the South Plan Area, the term "Adverse Change" includes:

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 UC 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 UC Expansion Parcels), less the 500,000 gross square feet of Floor Rentable Area of development allocated to Blocks 33 and 34;

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 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.

7. Effective Date.

7.1 Effective Date; Termination Date. This Amendment shall take effect upon the date (the "Effective Date") that is the later of (i) the full execution and delivery of this Amendment by the Owner and the Successor Agency, (ii) the date the enacting Resolution is effective in accordance with Cal. Health and Safety Code Section 34179(h), and (iii) the date of final completion of all of the Approval Conditions, as set forth in Section 7.2 below. This Amendment shall be null and void (i) if the Effective Date has not occurred by 5:00 p.m. Pacific Time on October 1, 2014, or (ii) if the MOU expires or terminates as provided in Section 8 of the MOU.

7.2 Approval Conditions. For purposes of this Amendment, the Approval Conditions are the following:

(a) The Regents and Bay Jacaranda 3334 have acknowledged in writing to the Successor Agency satisfaction or waiver of all conditions to close of escrow on the Block 33/34 Expansion Property.

(b) A grant deed is recorded in the Official Records, conveying the Block 33/34 Expansion Property from Bay Jacaranda 3334 to the Regents.

(c) Receipt of the Affordable Housing Fee (as defined in the MOU) by the Successor Agency.

(d) Receipt of the Infrastructure Payment (as defined in Section 2, above) by FOCIL.

(e) The form of the MOU has been approved by FOCIL, as acknowledged in writing to the Successor Agency by FOCIL, and the MOU has been duly executed and delivered by the Regents and the Successor Agency and is in full force and effect, as acknowledged in writing to FOCIL by the Successor Agency.

(f) The form of the OPA Release and Covenant has been approved by FOCIL, as acknowledged in writing to the Successor Agency by FOCIL, and the OPA Release and Covenant has been duly executed and delivered by all of its parties and is in full

force and effect as acknowledged in writing to FOCIL and the Successor Agency by the Regents.

(g) The Infrastructure Agreement has been duly executed and delivered and is in full force and effect, as acknowledged in writing to the Successor Agency by FOCIL and the Regents.

8. General Provisions.

8.1 South OPA in Full Force and Effect. Except as otherwise amended by this Amendment and as previously revised under instruments signed by the Successor Agency and the Owner to reflect various non-material changes to the Infrastructure Plan, all terms, covenants, conditions and provisions of the South OPA shall remain unmodified, and in full force and effect.

8.2 Representations and Warranties By the Parties. The Parties represent and warrant to each other as follows:

(a) Authority and Enforceability. Each party has the power and authority to enter into this Amendment. This Amendment, when executed and delivered by each of the Parties, will be valid and binding and enforceable against each signatory Party in accordance with its terms.

(b) Advice of Counsel. Each party (i) has had the opportunity to seek the advice of counsel concerning this Amendment and the transactions contemplated hereby, (ii) has been fully advised of the meaning and effect of this Amendment and such transactions as are contemplated in this Amendment, and (iii) has executed this Amendment after independent investigation without reliance on any representation, warranty, promise or inducement not specifically set forth in this Amendment.

8.3 Successors and Assigns. This Amendment is binding upon and will inure to the benefit of the successors and assigns of the Parties, subject to the limitations on assignment set forth in the South OPA.

8.4 Entire Agreement. This Amendment (together with the South OPA) constitutes the entire agreement between the Parties with respect to the subject matter of this Amendment and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the terms and conditions mentioned in or incidental to this Amendment. No parole evidence of any prior draft of this Amendment shall be permitted to contradict or vary the terms of this Amendment.

8.5 Further Assurances. The Parties agree to execute and acknowledge such other and further documents as may be necessary or reasonably required to express the intent of the Parties or otherwise effectuate the terms of this Amendment. Subject to approvals required by law, the Successor Agency's Executive Director is authorized to execute on behalf of the Successor Agency any contracts, agreements, memoranda or similar

documents with State, regional or local entities or other Persons that are necessary or proper to achieve the purposes and objectives of this Amendment and do not materially increase the liability or obligations of the Successor Agency under this Amendment, if the Executive Director, in consultation with the Successor Agency's General Counsel, determines that the document is necessary or proper for the purposes and objectives of this Amendment and in the Successor Agency's best interests. The Executive Director's signature of any such document shall conclusively evidence such a determination by him or her.

8.6 No Third Party Beneficiaries. This Amendment is made and entered into for the sole protection and benefit of the Parties to this Amendment and their successors and assigns. No other Person shall have or acquire any right or action based upon any provisions of this Amendment.

8.7 Cooperation. In connection with this Amendment, FOCIL, on the one hand, and the Successor Agency on the other shall reasonably cooperate with one another to achieve the objectives and purposes of this Amendment.

8.8 Interpretation of Agreement.

(a) 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.

(b) No Presumption Against Drafter. This Amendment has been negotiated at arm's length and amongst Parties sophisticated and knowledgeable in the matters dealt with in this Amendment. In addition, each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, this Amendment shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the Party responsible for drafting any part of this Amendment (including, but not limited to California Civil Code Section 1654).

(c) Recitals. The Recitals in this Amendment are included for convenience of reference only and are not intended to create or imply covenants under this Amendment. In the event of any conflict or inconsistency between the Recitals and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall control.

(d) Captions. The captions preceding the articles and Sections of this Amendment have been inserted for convenience of reference only. Such captions shall not define or limit the scope or intent of any provision of this Amendment.

8.9 Counterparts. This Amendment may be executed in any number of counterparts, all of which together shall constitute the original agreement hereof.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Successor Agency has caused this Amendment to be duly executed on its behalf and the Owner has signed or caused this Amendment to be signed by duly authorized persons, all as of the day first above written.

Authorized by Successor Agency Resolution

No. ____-14, adopted _____, 2014

SUCCESSOR AGENCY:	**OWNER:**
Successor Agency to the Redevelopment Agency of the City and County of San Francisco By: _____ Name: Tiffany J. Bohee Title: Executive Director Approved as to Form: By: _____ Name: James Morales Title: General Counsel	FOCIL – MB, LLC, a Delaware limited liability company By:_____ Name: Title:

Free Recording Pursuant to
Government Code Section 27383 at the
Request of the Successor Agency to the
Redevelopment Agency City and County of
San Francisco

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Successor Agency to the Redevelopment
Agency of the City and County of San
Francisco
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Executive Director

(SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY)

RELEASE AGREEMENT AND COVENANT REGARDING ASSUMPTION OF THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT

(MISSION BAY SOUTH - LAND USE BLOCKS 33 AND 34)

This RELEASE AGREEMENT AND COVENANT REGARDING ASSUMPTION OF THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT (this "**Agreement**"), dated as of _____, 2014 and effective as of the Effective Date (as defined below), is entered into by and among 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 (the "**Successor Agency**"); BAY JACARANDA NO. 3334, LLC, a Delaware limited liability company ("**Current Owner**"); and THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California corporation ("**Buyer**" or the "**Regents**"). THIS AGREEMENT 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 and County of San Francisco, a charter city and county (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 herein as the

"**Redevelopment 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 the South embankment of China Basin Channel and Seventh Street, Interstate 280, Mariposa Street, Terry Francois Boulevard, and Third Street, as more particularly described in the Redevelopment Plan (the "**South Plan Area**").

B. To implement the Redevelopment Plan, The Redevelopment Agency of the City and County of San Francisco (the "**Former Agency**") entered into that certain Mission Bay South Owner Participation Agreement dated as of November 16, 1998 (the "**Original OPA**") and Catellus Development Corporation, a Delaware corporation ("**CDC**"). The Original OPA was amended 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, a Delaware limited liability company ("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. The Successor Agency and FOCIL are concurrently entering into that certain Fifth Amendment to Mission Bay South Owner Participation Agreement dated as of the date hereof (the "**Fifth OPA Amendment**"). The Original OPA, as amended by the First OPA Amendment, the Second OPA Amendment, the Third OPA Amendment, the Fourth OPA Amendment and the Fifth OPA Amendment and as may be amended further after the date hereof shall be referred to in this Amendment as the "**South OPA**" and all references to the "**Primary Developer**" shall mean from the date of the Original OPA to November 22, 2004, CDC, or its affiliates succeeding to its obligations under the South OPA (including CLDC), as appropriate, and after November 22, 2004, FOCIL and its successors with obligations under the South OPA to construct Infrastructure. Capitalized terms used but not defined herein shall have the meanings given to such term in the South OPA.

C. Current Owner is the current owner of that certain real property located in the South Plan Area commonly referred to as Mission Bay South Development Blocks 33 and 34 (consisting of Lot 001, Block 8725 (a portion) and Lot 004, Block 8725), all as more particularly described in Exhibit A attached hereto (collectively, the "**Transferred Property**").

D. Current Owner and the Regents have entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions dated as of March 7, 2014, pursuant to which Current Owner has agreed to sell to the Regents, and the Regents has agreed to acquire from Current Owner, the Transferred Property, upon the terms and conditions therein set forth.

E. The Transferred Property is 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 Transferred 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 South 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 Transferred Property and certain other property within the South 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 Mission Bay South Tax Increment Allocation Pledge Agreement, dated as of November 16, 1998, between the Former Agency and the City ("**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 Current Owner 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.

F. As a State agency, the Regents is exempt under the State Constitution from property taxes on property it uses in furtherance of its educational mission. As previously mentioned, a portion of such property tax (or in the case of the Transferred Property, a portion of the PILOT Payments that otherwise are required under Section 14.7 of the South OPA and the PILOT Agreement) is dedicated under the South OPA and the Pledge Agreement for the development of affordable housing in Mission Bay and another portion is dedicated toward reimbursing costs of the construction of public Infrastructure in the South Plan Area.

G. Concurrently with, and subject to the parties' entering into, this Agreement, the Successor Agency is entering into a Memorandum of Understanding for the Mission Bay South Redevelopment Project Area Blocks 33-34 (the "**MOU**") with the Regents relating to the Regents' acquisition and development of the Transferred Property.

H. In connection with development of its facilities on the Transferred Property, the Regents has agreed to make certain up-front, accelerated payments to each of the

Successor Agency and Primary Developer in the aggregate amount of Thirty Two Million One Hundred Thousand Dollars ($32,100,000) that will satisfy the obligations otherwise imposed on Current Owner and the Regents under the PILOT Agreement and, as a result, the Successor Agency and Primary Developer have agreed to terminate the PILOT Agreement as to the Regents pursuant to that certain Termination of Tax Payment Agreement dated and recorded as of the date hereof.

I. Pursuant to that certain Assignment, Assumption and Release Agreement dated as of October 28, 2010 by and between Current Owner and ARE-San Francisco No. 22, LLC, and recorded in the Official Records on November 1, 2010 as Instrument No. 2010-J073288 (the "**AA&R Agreement**"), the Current Owner assumed all of the Transferred Rights and Obligations (as such term is defined in the AA&R Agreement) under the South OPA to the extent applicable to the Transferred Property.

J. The South OPA provides that as a condition to any Transfer (as defined in the South OPA), the transferor must obtain the agreement of the transferee to assume all of the transferor's obligations under the South OPA with respect to the transferred parcels. In connection with certain Transfers of property within the South Plan Area, the transferor is entitled, upon satisfaction of certain conditions, to receive a release from the Successor Agency of all of the transferor's obligations under the South OPA. Generally, in order for the Current Owner to receive a release of its obligations under the South OPA (to the extent related to the Transferred Property), the Regents would be required to assume the Transferred Rights and Obligations at the time the Transferred Property is Transferred to the Regents. One of the conditions that must be satisfied in order for the Regents to be entitled to acquire the Transferred Property is that the Successor Agency grants Current Owner a release of Current Owner's obligations under the South OPA (to the extent related to the Transferred Property), either because (i) the Regents has assumed the Transferred Rights and Obligations in accordance with the terms of the South OPA, or (ii) the Successor Agency and the Regents have entered into an agreement whereby the Successor Agency waives the requirement that the Regents assumes such obligations.

K. In consideration of the public benefits that will flow to the Successor Agency, the City, and the other local and regional taxing entities from the provisions of this Agreement, the Fifth OPA Amendment, and the MOU, Successor Agency is willing to (i) forego the requirement that the Regents assume all of the obligations of Current Owner under the South OPA relating to the Transferred Property in order for Current Owner to obtain a release of such obligations, (ii) consent to the proposed Transfer of the Transferred Property from Current Owner to the Regents, and (iii) agree to release Current Owner from its obligations under the South OPA (and related PILOT Agreement) with respect to the Transferred Property upon the occurrence of such Transfer, all subject to the terms and conditions set forth in this Agreement. Such public benefits include, without limitation, the agreement by the Regents (1) to make the Affordable Housing Payment described in the MOU, which exceeds the tax increment that the Successor Agency would have received from the

Transferred Property if the Transferred Property were owned and developed by a taxable entity, (2) to pay the Special Taxes under the CFDs that the Transferred Property is part of, (3) to abide by certain requirements under the Redevelopment Plan in developing the Transferred Property, (4) to make a payment to the Primary Developer to offset tax increment that would have been available for Infrastructure reimbursement for the South Plan Area from the Transferred Property if the Transferred Property were owned and developed by a taxable entity, as set forth in that certain unrecorded Infrastructure Agreement for Mission Bay Blocks 33/34 between the Regents and FOCIL (the "**Infrastructure Agreement**"), and (5) to work cooperatively with the Successor Agency and the City regarding land use and planning issues on the Transferred Property, and to assure that the mutual interests of UCSF, the Successor Agency and the City are addressed, all as more particularly set forth in the MOU.

L. The Regents will not be assuming the Transferred Rights and Obligations relating to the Transferred Property as of the date hereof. Instead, pursuant to the MOU, the Fifth OPA Amendment and this Agreement, the Successor Agency has agreed to suspend the effects of the Redevelopment Plan, South OPA and other Plan Documents as to the Transferred Property for so long as and to the extent that the Regents uses the Transferred Property for purposes that support, benefit or further the charitable, scientific, research, clinical, 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 (collectively, "**UCSF Purposes**").

M. In addition to memorializing the Successor Agency's consent to the Transfer of the Transferred Property and its release of Current Owner with respect to its obligations under the South OPA, the parties are entering into this Agreement to provide that if the Regents or any successor, at any time or from time to time during the term of the South OPA, either engages in any use, or Transfers all or any portion of the Transferred 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, South OPA and other Plan Documents shall "spring back" into effect with respect to the Transferred Property and bind the owner of the Transferred Property during such period that the Transferred Property is used for a purpose that is not a UCSF Purpose.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Successor Agency, Current Owner and the Regents agree as follows:

1. Successor Agency's Consent to Transfer and Release. Notwithstanding Section 14.1(e) of the South OPA requiring the delivery to the Successor Agency of an agreement of the transferee to assume all of the transferor's obligations under the South OPA with respect to the

Transferred Property (an "**Assumption Agreement**"), the Successor Agency, subject to the terms and conditions of this Paragraph 1, hereby approves and consents to the Transfer of the Transferred Property by Current Owner to the Regents without the delivery of an Assumption Agreement by the Regents.

1.1 Consent to Transfer; Release. The Successor Agency hereby consents to the Transfer of the Transferred Property by Current Owner to the Regents and agrees to release Current Owner from its obligations under the South OPA applicable to the Transferred Property, as more particularly set forth in Paragraphs 1.3 and 2 below.

1.2 Tax Allocation Debt Promissory Note. The Successor Agency acknowledges and agrees that certain Mission Bay South Tax Allocation Debt Promissory Note dated October 27, 2010 executed by Current Owner in favor of Successor Agency (as successor to the Redevelopment Agency of the City and County of San Francisco) (the "**Bay 3334 Note**") is hereby terminated and of no further force and effect. Concurrently with the execution and delivery of this Agreement, Successor Agency shall deliver the original Bay 3334 Note to Current Owner marked "Void". Except as otherwise expressly provided in this Agreement and/or the MOU, the Regents shall not be required to deliver a Tax Allocation Debt Promissory Note to the Successor Agency.

1.3 Agency Release. The Successor Agency hereby unconditionally and irrevocably fully releases and discharges Current Owner from the obligations of Owner under the South OPA applicable to the Transferred Property. Without limiting the generality of the foregoing, the Successor Agency acknowledges and agrees that Current Owner shall not be liable for any default by the Regents in the performance of the Regents' obligations to the Successor Agency with respect to the Transferred Property under any agreements between the Regents and the Successor Agency (including, without limitation, the MOU). With respect to the release set forth in this Paragraph 1.3, the Successor Agency hereby acknowledges that such release is made with the advice of counsel and with full knowledge and understanding of the consequences and effects of such release. Further, as to unknown and unsuspected claims as of the Effective Date, the Successor Agency hereby acknowledges that such release is made with the full knowledge, understanding, and agreement that California Civil Code Section 1542 provides as follows, and the Successor Agency hereby agrees that the protection afforded by said Code Section and any similar law of the State of California or any other jurisdiction is specifically waived:

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

Successor Agency_____

1.4 Agency's Acknowledgment. Without in any way modifying, limiting, or expanding the provisions of Section 14.2 of the South OPA, the Successor Agency hereby confirms that, pursuant to such Section 14.2, (i) the Regents shall not be liable for any default by Current Owner or any other prior Transferee in the performance of their respective obligations

under the South OPA, and (ii) without limiting the foregoing, a default under the South OPA by Current Owner or any other prior Transferee shall not entitle the Agency to modify or terminate the South OPA, or otherwise affect any rights under the South OPA, with respect to the Transferred Property.

2. PILOT Agreement Release. In addition, and without limiting the generality of the release contained in Paragraph 1.3 above, the Successor Agency, specifically releases Current Owner from the obligations imposed under Section 14.7 of the South OPA and the PILOT Agreement and further acknowledges and agrees that Current Owner shall not have any liability (i) arising from the failure of Current Owner to enter into, or to require the Regents to enter into, a new PILOT Agreement for the Transferred Property, or (ii) to otherwise cause the Regents to comply with the covenants and obligations set forth in Section 14.7 of the South OPA and the PILOT Agreement, it being acknowledged and agreed by the parties that the Successor Agency, FOCIL and the Regents have entered into the MOU and other documents requiring the payment of the amounts set forth in Recital H hereof instead of the requirements imposed under Section 14.7 of the South OPA and the PILOT Agreement. With respect to the release set forth in this Paragraph 2, the Successor Agency hereby acknowledges that such release is made with the advice of counsel and with full knowledge and understanding of the consequences and effects of such release. Further, as to unknown and unsuspected claims as of the date this release becomes effective, the Successor Agency= hereby acknowledges that such release is made with the full knowledge, understanding and agreement that California Civil Code §1542 provides as follows, and the Successor Agency hereby agrees that the protection afforded by said Code Section and any similar law of the State of California or any other jurisdiction is specifically waived:

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

Successor Agency _____

3. Temporary Suspension of Plan Documents and Covenant Regarding Future Assumption.

3.1 Suspension of Plan Documents. The Successor Agency hereby expressly acknowledges and agrees that upon Transfer of the Transferred Property to the Regents, consistent with the terms of this Agreement and the MOU, and for so long thereafter as and to the extent that the Transferred Property is used in furtherance of UCSF Purposes, the effect of the Redevelopment Plan, the South OPA and other Plan Documents will be suspended and will not apply to the Transferred Property.

3.2 Future Assumption; Covenant to Provide Notice, Assumption Agreement, Tax Allocation Promissory Note and PILOT Agreement.

(a) Should the Regents or any successor at any time or from time to time during the term of the South OPA, either (i) engage in any use that is not in furtherance

of UCSF Purposes (other than customary retail uses incidental to the Regents' other permitted uses, including, but not limited to, use as a pharmacy, for sale of sundries, or for casual dining establishments), or (ii) Transfer all or any portion of the Transferred Property to any entity for any use that is not in furtherance of UCSF Purposes (other than customary retail uses incidental to the Regents' other permitted uses, including, but not limited to, use as a pharmacy, for sale of sundries, or for casual dining establishments) (the events described in 3.2(a)(i) and (ii) are referred to herein as a "**Triggering Use**" or "**Triggering Transfer**"), then the Redevelopment Plan, South OPA and other Plan Documents shall "spring back" with respect to the Transferred Property and once again automatically apply to, and be binding upon and benefit, the Transferred Property (or the relevant portion thereof), and as of the date of the Triggering Use or Triggering Transfer the Regents or its successor owner of the Transferred Property (or relevant portion thereof), as applicable, shall be deemed to have assumed and agreed to be bound by and perform, as a direct obligation of such party to Successor Agency, each and all of the Transferred Obligations under the AA&R Agreement (as applicable to the relevant portion of the Transferred Property). The Regents, or its successor, shall provide at least ten (10) business days' prior written notice to the Successor Agency and the Primary Developer prior to the effectiveness of any Triggering Use or Triggering Transfer. The Regents and the Successor Agency shall be subject to the provisions Sections 14.1, 14.2 and 14.7 of the South OPA in connection with any Triggering Transfer. Upon the written request by the Successor Agency or Primary Developer and as a condition precedent to the effectiveness of any Triggering Transfer described in this Paragraph 3.2 or the commencement of any Triggering Use, the Regents or its successor shall:

(i) deliver to Successor Agency a fully executed, unconditional written assumption agreement from the Regents or the Transferee, as applicable, in recordable form, affirming its rights and obligations under the Redevelopment Plan, South OPA and other Plan Documents as they apply to the Transferred Property (or relevant portion thereof), all in form and substance substantially identical to the Assumption Agreement attached hereto as Exhibit B (the "**New A&A Agreement**");

(ii) deliver to Successor Agency a Tax Allocation Debt Promissory Note from the Regents or the Transferee, as applicable, consistent with the Financing Plan, in form and substance substantially identical to the Assumption Agreement attached hereto as Exhibit C (the "**New Tax Allocation Debt Promissory Note**"); and

(iii) execute and deliver a PILOT Agreement (as defined in Section 14.7 of the South OPA) from the Regents or the Transferee, as applicable.

The absence of a written New A&A Agreement, New Tax Allocation Debt Promissory Note, or new PILOT Agreement shall not relieve the Regents or any such Transferee of the Transferred Property (or relevant portion thereof) from complying with the terms and provisions set forth in the South OPA or the obligations that would have been evidenced by such agreements.

(b) Except as provided in the final sentence of this Paragraph 3.2(b), the provisions of this Paragraph 3.2 shall not be deemed to prohibit or otherwise restrict, and the term "Triggering Transfer" or "Triggering Use" shall not be deemed to include (i) the granting of easements, leases, subleases, licenses or permits to facilitate the development, operation and use of the South Plan Area in whole or in part, (ii) the grant or creation of any Mortgage (as defined in the South OPA), (iii) the sale or transfer of the Transferred Property or any interest therein pursuant to a foreclosure or the exercise of a power of sale contained in a Mortgage or any other remedial action in connection therewith, or a conveyance or transfer in lieu thereof of foreclosure or exercise of such power of sale, (iv) any Transfer to Agency, City, Port or City Agencies or any other governmental agency contemplated by the South OPA, (v) any Transfer of common areas to a non-profit homeowners' association or similar entity or association formed to manage, own, operate and/or maintain such common areas, or (vi) Transfers to individuals who are entitled to a homeowners' exemption with respect to the applicable portion of the Transferred Property. Notwithstanding the foregoing, leases, subleases, licenses or permits for any use that is not in furtherance of UCSF Purposes (other than customary retail uses incidental to the Regents' other permitted uses, including, but not limited to, use as a pharmacy, for sale of sundries, or for casual dining establishments) shall be a Triggering Use or a Triggering Transfer as used in this Paragraph 3.2.

(c) The provisions of this Paragraph 3.2 shall terminate upon the earlier of (i) the written agreement of the Successor Agency and the owner of fee title to the Transferred Property and the consent of City and FOCIL to such termination; or (ii) upon the expiration of the term of the South OPA and all Community Facility Districts that the Transferred Property is a part of, whichever is later.

3.3 No Impact on Releases. Nothing in this Article 3, including, without limitation, the occurrence of a Triggering Use or Triggering Transfer shall void, nullify or otherwise have an effect on the releases granted to Current Owner under Paragraphs 1.3 and 2 hereof.

4. Representations and Warranties of Current Owner. Current Owner hereby makes the following representations and warranties to the Successor Agency and the Regents as of the Effective Date:

4.1 South OPA. To the extent applicable to the Transferred Property, the South OPA is in full force and effect.

4.2 No Defaults. To the actual knowledge of Current Owner, no default on the part of Current Owner, and no breach or failure of condition that, with notice or lapse of time or both, would constitute a default on the part of Current Owner, exists under the South OPA with respect to the Transferred Property.

4.3 No Set-Offs. To the actual knowledge of Current Owner, there are no set-offs or defenses against the enforcement of any right or remedy, or any duty or obligation, of the Successor Agency or Current Owner under the South OPA with respect to the Transferred Property.

4.4 No Termination Right. Current Owner currently has no right to terminate the South OPA with respect to the Transferred Property pursuant to Section 12.2(a) or 12.2(c) of the South OPA.

5. Representations and Warranties of the Regents. The Regents hereby makes the following representations and warranties to the Successor Agency and Current Owner as of the Effective Date:

5.1 Consents. The Regents has obtained all consents in connection with its acquisition of the Transferred Property that may be required by any agreement to which it is a party. Other than the consents so obtained, no consent to the acquisition of the Transferred Property is required under any agreement to which the Regents is a party.

5.2 No Conflicts. The execution, delivery, and performance by the Regents of this Agreement (i) will not contravene any legal requirements applicable to the Regents, (ii) will not conflict with, breach, or contravene any other agreement binding upon the Regents, and (iii) will not result in the creation or imposition of any liens on any portion of the Transferred Property.

5.3 Transferred Development Rights. The Regents represents and acknowledges that the following development rights were transferred to the Regents with the Transferred Property: the right to (i) construct 500,000 gross square feet of development, (ii) all parking spaces allocable to the Transferred Property under the Plan Documents (as such term is defined in the Redevelopment Plan), and which may not exceed 1.0 parking spaces for each 1,000 square feet of gross floor area, (iii) 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 for the Mission Bay South Project Area dated March 16, 2004), and (iv) all rights with respect to the public infrastructure serving the Transferred Property to be constructed by Primary Developer, which rights are being modified by the Regents and FOCIL pursuant to the Infrastructure Agreement.

6. Representations and Warranties of Successor Agency. The Successor Agency hereby makes the following representations and warranties to Current Owner and to the Regents as of the Effective Date:

6.1 South OPA. The South OPA is in full force and effect, and the Successor Agency has not agreed to any amendment of any provision of the South OPA with respect to the Transferred Property, except as evidenced by the Fifth OPA Amendment.

6.2 No Defaults. To the actual knowledge of the Successor Agency, no default on the part of FOCIL or Current Owner, and no breach or failure of condition that, with notice or lapse of time or both, would constitute a default on the part of FOCIL or Current Owner, exists under the South OPA with respect to the Transferred Property.

6.3 No Set-Offs. To the actual knowledge of the Successor Agency, there are no set-offs or defenses against the enforcement of any right or remedy, or any duty or obligation, of the Successor Agency or Current Owner under the South OPA with respect to the Transferred Property.

6.4 No Termination Right. To the actual knowledge of the Successor Agency, the Successor Agency currently has no right to terminate the South OPA pursuant to Section 12.2(b) or 12.2(c) of the South OPA.

7. Covenants Running with the Land. The terms and provisions of this Agreement constitute covenants that run with the land, it being the intention of the parties that if the property burdened hereby or benefited hereby is Transferred (in whole or in part), the respective transferees, successors and assigns of the Regents shall receive the same respective benefits and burdens which the Regents has under this Agreement.

8. Effective Date. The rights, duties and obligations set forth hereunder shall not become effective or binding on the parties hereto until (i) a grant deed is recorded in the Official Records, conveying fee title to the Transferred Property from Current Owner to the Regents; and (ii) the recordation of this Agreement in the Official Records following express written authorization from the Successor Agency to the other parties hereto after the Successor Agency has confirmed that all other conditions precedent under the MOU have been satisfied in full (the "**Effective Date**"). This Agreement shall be null and void if the Effective Date has not occurred by 5:00 p.m. Pacific Time on October 1, 2014.

9. General Provisions.

9.1 Attorneys' Fees.

(a) Prevailing Party. Should any party hereto institute any action or proceeding in court or other dispute resolution mechanism ("**DRM**") to enforce any provision hereof or for damages by reason of an alleged breach of any provision hereof, the prevailing party(ies) shall be entitled to receive from the losing party(ies) court or DRM costs or expenses incurred by the prevailing party(ies), including, without limitation, expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses, and such amount as the court or DRM may adjudge to be reasonable attorneys' fees for the services rendered the prevailing party(ies) in such action or proceeding. Attorneys' fees under this Paragraph 8.1 include attorneys' fees on any appeal, and, in addition, a party entitled to attorneys' fees shall be entitled to all other reasonable costs and expenses incurred in connection with such action.

(b) Reasonable Fees. For purposes of this Agreement, reasonable fees of attorneys and any in-house counsel for Successor Agency, Current Owner, or the Regents shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience in the subject matter area of the law for which the party's in-house counsel's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the City, or, in the case of Current Owner's or the Regents' in-house counsel, as employed by the outside counsel for Current Owner or the Regents, respectively.

9.2 Notices. A notice or communication under this Agreement by any party to any other party or to Primary Developer shall be sufficiently given or delivered if dispatched by hand or by registered or certified mail, postage prepaid, addressed as follows:

(a) in the case of a notice or communication to 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

(b) in the case of a notice or communication 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

(c) in the case of a notice or communication to 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 copies 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

(d) in case of a notice or communication to Current Owner:

Salesforce.com, Inc.
The Landmark @ One Market, Suite 300
San Francisco, CA 94105
Attention: Senior Vice President – Real Estate

With A Copy To:

Salesforce.com, Inc.
The Landmark @ One Market, Suite 300
San Francisco, CA 94105
Attention: Chief Legal Officer

Any mailing address may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement shall be deemed given, 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.

9.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective executors, administrators, successors, and assigns. Whenever this Agreement specifies the Successor Agency as a party or the holder of the right or obligation, if the Successor Agency or a comparable public body that has succeeded to the Successor Agency's rights and obligations no longer exists, then the City (or the State, if applicable) will be deemed to be the successor and assign of the Successor Agency for purposes of this Agreement.

9.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one instrument. It shall not be necessary in making proof of this Agreement to account for more than one counterpart.

9.5 Captions. Any captions to, or headings of, the Articles, Paragraphs, or subparagraphs of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

9.6 Amendment To Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto with the written consent of FOCIL.

9.7 Exhibits. The Exhibits attached hereto are hereby incorporated herein by this reference for all purposes.

9.8 Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

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

9.10 Fees and Other Expenses. Except as otherwise provided herein, each of the parties shall pay its own fees and expenses in connection with this Agreement.

9.11 Partial Invalidity. If any portion of this Agreement as applied to any party or to any circumstances shall be adjudged by a court to be void or unenforceable, such portion shall be deemed severed from this Agreement and shall in no way affect the validity or enforceability of the remaining portions of this Agreement.

9.12 Independent Counsel. Each party hereto acknowledges that: (a) it has been represented by independent counsel in connection with this Agreement; (b) it has executed this Agreement with the advice of such counsel; and (c) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel. The fact

that this Agreement was prepared by Buyer's counsel as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against Buyer because its counsel prepared this Agreement in its final form.

9.13 No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the Parties to this Amendment and their successors and assigns. Except for Primary Developer and the City, which are all intended as third party beneficiaries of this Agreement, no other person or entity shall have or acquire any right or action based upon any provisions of this Agreement.

[the remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, the Successor Agency has caused this Agreement to be duly executed on its behalf as of the Effective Date.

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

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

Authorized by Successor Agency Resolution No. ____-14, adopted _____, 2014

Approved as to Form:

By: _____
Name: James Morales
Title: General Counsel

IN WITNESS WHEREOF, the Regents has caused this Agreement to be signed by a duly authorized person as of the Effective Date.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
a California corporation

By: _____
Print Name: _____
Print Title: _____

IN WITNESS WHEREOF, Current Owner has caused this Agreement to be signed by a duly authorized person as of the Effective Date.

BAY JACARANDA NO. 3334, LLC,
a Delaware limited liability company

By: Bay Jacaranda Holdings, LLC,
a Delaware limited liability company,
Its Sole Member

By: salesforce.com, inc.,
a Delaware corporation,
Its Sole Member

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, FOCIL has caused this Agreement to be signed by a duly authorized person as of the Effective Date solely with respect to its acknowledgement and consent to the Successor Agency's release of Current Owner in Paragraph 2 of this Agreement.

FOCIL – MB, LLC,
a Delaware limited liability company

By:_____
Name:
Title:

County of _____

On _____ before me, _____
Date Insert Name and Title of Officer

personally appeared _____
Name(s) of Signer(s)

_____,

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

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

Place Notary Seal Above

WITNESS my hand and official seal.

Signature_____
Signature of Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Real property in the City of San Francisco, County of San Francisco, State of California, described as follows:

PARCEL ONE:

LOT 1, BLOCK 8725, AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP OF MISSION BAY" RECORDED JULY 19, 1999, IN BOOK Z OF MAPS, PAGES 97-119, IN THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA, AS CORRECTED BY THAT CERTAIN "CERTIFICATE OF CORRECTION" RECORDED SEPTEMBER 16, 2002, IN REEL I223, IMAGE 596, AS INSTRUMENT NUMBER 2002-H244619-00, IN THE OFFICE OF SUCH RECORDER.

EXCEPTING THEREFROM, THE FOLLOWING:

AS EXCEPTED AND RESERVED FOREVER BY THE STATE OF CALIFORNIA IN THAT CERTAIN PATENT DATED JUNE 14, 1999, TO THE CITY AND COUNTY OF SAN FRANCISCO, A CHARTER CITY AND COUNTY, IN TRUST, RECORDED JULY 19, 1999, IN REEL H429, IMAGE 507, SERIES NO. 99-G622155-00, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, FROM THAT PORTION OF THE ABOVE DESCRIBED REAL PROPERTY LYING WITHIN THE BOUNDARIES OF MINERAL RIGHTS PARCEL 11 DESCRIBED IN SUCH PATENT, THE FOLLOWING:

ALL MINERALS AND ALL MINERAL RIGHTS OF EVERY KIND AND CHARACTER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED IN THE ABOVE REFERRED TO MINERAL RIGHTS PARCEL 11, INCLUDING, BUT NOT LIMITED TO, OIL AND GAS AND RIGHTS THERETO, TOGETHER WITH THE SOLE, EXCLUSIVE, AND PERPETUAL RIGHT TO EXPLORE FOR, REMOVE, AND DISPOSE OF THOSE MINERALS BY ANY MEANS OR METHODS SUITABLE TO THE STATE OF CALIFORNIA OR TO ITS SUCCESSORS AND ASSIGNS, BUT WITHOUT ENTERING UPON OR USING THE SURFACE OF THE ABOVE REFERRED TO MINERAL RIGHTS PARCEL 11, AND IN SUCH MANNER AS NOT TO DAMAGE THE SURFACE THEREOF OR TO INTERFERE WITH THE USE THEREOF BY THE CITY AND COUNTY OF SAN FRANCISCO, ITS SUCCESSORS AND ASSIGNEES; PROVIDED, HOWEVER, THAT THE STATE OF CALIFORNIA, ITS SUCCESSORS AND ASSIGNS, WITHOUT THE PRIOR WRITTEN PERMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, ITS SUCCESSORS AND ASSIGNEES, SHALL NOT CONDUCT ANY MINING ACTIVITIES OF ANY NATURE WHATSOEVER ABOVE A PLANE LOCATED FIVE HUNDRED FEET (500')BELOW THE SURFACE OF THE ABOVE REFERRED TO MINERAL RIGHTS PARCEL 11.

FURTHER EXCEPTING THEREFROM THAT PORTION THEREOF DESCRIBED IN THAT CERTAIN GRANT DEED DATED OCTOBER 25, 2002, EXECUTED BY CATELLUS

DEVELOPMENT CORPORATION, A DELAWARE CORPORATION, TO THE CITY AND COUNTY OF SAN FRANCISCO, A CHARTER CITY AND COUNTY, RECORDED DECEMBER 11, 2002, IN REEL I281, IMAGE 340, DOCUMENT NO. 2002-H309022-00 IN THE OFFICE OF SUCH RECORDER.

ASSESSOR'S PARCEL NUMBER: LOT 001, BLOCK 8725 (A PORTION)

PARCEL TWO:

THAT CERTAIN REAL PROPERTY DESCRIBED IN THAT CERTAIN QUITCLAIM DEED DATED NOVEMBER 5, 2002, EXECUTED BY THE CITY AND COUNTY OF SAN FRANCISCO, A CHARTER CITY AND COUNTY, TO CATELLUS DEVELOPMENT CORPORATION, A DELAWARE CORPORATION, RECORDED DECEMBER 11, 2002 IN REEL I281, IMAGE 341, DOCUMENT NO. 2002-H309023-00, IN THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE LOT AND BLOCK HEREAFTER MENTIONED ARE IN ACCORDANCE WITH THAT CERTAIN MAP ENTITLED "MAP OF MISSION BAY", RECORDED JULY 19, 1999 IN BOOK Z OF MAPS, AT PAGES 97-119, IN THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA.

COMMENCING AT THE MOST NORTHWESTERLY CORNER OF PARCEL 29, AS SAID PARCEL IS DESCRIBED IN THE QUITCLAIM DEED TO THE CITY AND COUNTY OF SAN FRANCISCO, RECORDED JULY 19, 1999 IN REEL H429, PAGE 512 (DOCUMENT NUMBER 99-G622160), OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, SAID POINT OF COMMENCEMENT ALSO BEING THE MOST NORTHWESTERLY CORNER OF BLOCK 8725, LOT 2 AS SHOWN ON SAID MAP (Z MAPS 97);

THENCE, EASTERLY ALONG THE NORTHERLY BOUNDARY LINE OF SAID PARCEL 29, SAID LINE ALSO BEING THE NORTHERLY LINE OF SAID LOT 2, NORTH 86 DEG. 49' 04" EAST 15.00 FEET TO THE POINT OF BEGINNING.

THENCE, ALONG THE EXTERIOR BOUNDARY OF SAID PARCEL 29, SAID LINES ALSO BEING THE EXTERIOR BOUNDARY OF SAID LOT 2, THE FOLLOWING TWO (2) COURSES:

1) NORTH 86 DEG. 49' 04" EAST, 42.21 FEET, TO THE MOST NORTHEASTERLY CORNER OF SAID PARCEL 29 AND SAID LOT 2, SAID CORNER ALSO BEING A POINT OF CUSP ON THE ARC OF A TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 44.21 FEET, TO WHICH POINT A RADIAL LINE BEARS NORTH 03 DEG. 10' 56" WEST.

2) WESTERLY, SOUTHWESTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 72 DEG. 42' 00", AN ARC DISTANCE OF 56.10 FEET, TO A POINT THAT BEARS SOUTH 03 DEG. 10' 56" EAST, FROM SAID POINT OF BEGINNING.

THENCE, LEAVING SAID EXTERIOR BOUNDARY LINE OF PARCEL 29 AND SAID LOT 2, ALONG A LINE PARALLEL WITH AND DISTANT 15.00 FEET EASTERLY, MEASURED AT A RIGHT ANGLE, FROM THE WESTERLY BOUNDARY LINE OF SAID PARCEL 29 AND SAID LOT 2, NORTH 03 DEG. 10' 56" WEST, 31.06 FEET, TO THE POINT OF BEGINNING.

ASSESSOR'S PARCEL NUMBER: LOT 004, BLOCK 8725

EXHIBIT B

FORM ASSUMPTION AGREEMENT

RECORDING REQUESTED BY:
AND WHEN RECORDED MAIL TO:

ASSUMPTION AGREEMENT
(MISSION BAY SOUTH - LAND USE BLOCK(S) ____)

This ASSUMPTION AGREEMENT (this "Agreement"), effective as of _____, 20__ (the "Effective Date"), is entered into by and among the [_____] (together with any successor public agency designated by or pursuant to law, the "Agency"), The Regents of the University of California, a California corporation (the "Regents"), and [_____] ("Transferee"). [*Note: if Assumption Agreement is required as a result of a Triggering Use of the Blocks 33/34 Property by the Regents instead of a Triggering Transfer of the property by the Regents under Section 3.2 of the Release and Covenant to which this exhibit is attached, then this form shall be revised to become a two party agreement between the Agency and the Regents and the Regents shall become the "Transferee" hereunder and be bound by all of the provisions applicable to the Transferee set forth herein]*

RECITALS:

[To be updated as necessary to account for transaction specifics and other developments in the South Plan Area that may take place between the date of the Release and Covenant to which this exhibit is attached and the date of this document]

A. In accordance with the Community Redevelopment Law of the State of California (Health & Safety Code Section 33000 et seq.), the City and County of San Francisco (the "City"), acting through its Board of Supervisors, has approved a Redevelopment Plan for the Mission Bay South Redevelopment Project by Ordinance No. 335-98 adopted by the Board of Supervisors on November 2, 1998. The Redevelopment Plan was recorded in the Office of the Recorder of the City and County of San Francisco, State of California (the "Official Records") on November 18, 1998, at Reel H264, Image 420, Series No. 98-G470337-00, and a Certificate of Correction thereto was recorded in the Official Records on January 20, 1999, at Reel H304, Image 513, Series No. 99-G501704-00. The Redevelopment Plan, as corrected and as it may be amended from time to time, is referred to herein as the "Mission Bay South Redevelopment Plan."

B. The Mission Bay South Redevelopment Plan provides for the redevelopment, rehabilitation and revitalization of the area generally bounded by the south embankment of the China Basin Channel and Seventh Street, Interstate 280, Mariposa Street, Terry Francois

Boulevard, and Third Street, as more particularly described in the Mission Bay South Redevelopment Plan (the "South Plan Area").

C. In order to facilitate the implementation of the Mission Bay South Redevelopment Plan, the Agency and Catellus Development Corporation ("CDC") entered into that certain Mission Bay South Owner Participation Agreement dated as of November 16, 1998 (the "Original South OPA"), regarding the development of the property within the South Plan Area owned by CDC. The Original South OPA, as amended, is more particularly described in Item 5 of the Development Entitlements listed in Exhibit C attached hereto and made a part hereof (the "Development Entitlements"), which list is illustrative of the material documents and instruments governing development of property within the South Plan Area, but is not intended to be an exhaustive list of all documents, instruments, and/or other matters that may govern development of property within the South Plan Area. The Original South OPA, as so amended and as it may be further amended from time to time, is herein referred to as the "South OPA" and, unless otherwise defined in this Agreement, all initially capitalized defined terms used in this Agreement shall have the respective meanings given them in the South OPA.

D. The South OPA provides that, subject to the terms and conditions contained in Section 14 thereof, the Owner of any property in the South Plan Area (and any Transferee) shall have the right (1) to Transfer all or any portion of the South Plan Area during the Term of the South OPA; (2) to assign all or a portion of its rights and obligations under the South OPA to a Transferee; and (3) upon the Agency's receipt of an Assumption Agreement duly executed in accordance with the terms of the South OPA, to be released from those obligations of the Owner under the South OPA that are applicable to the portion of the South Plan Area so Transferred but that are not intended to be retained by the Owner after the Transfer.

E. CDC's rights and obligations under the South OPA were transferred (i) to Catellus Operating Limited Partnership, as the successor by merger to CDC, then (ii) to Catellus Land and Development Corporation, through an assignment and assumption agreement, and (iii) ultimately to FOCIL-MB, LLC ("FOCIL"), through an assignment and assumption agreement.

F. On November 15, 2005, FOCIL, pursuant to Section 14.1(a)(2)(x) of the South OPA, conveyed to ARE-San Francisco No. 22, LLC, a Delaware limited liability company ("ARE") certain real property located within the South Plan Area (the "Blocks 33/34 Property"). The Blocks 33/34 Property is more particularly described in Exhibit A attached hereto and made a part hereof. Pursuant to a certain Assignment, Assumption and Release Agreement among the Agency, FOCIL, and ARE, effective as of November 15, 2005, and recorded in the Official Records on November 15, 2005, at Reel JO 17, Image 0566, Series No. 2005-1072094-00 (the "Master Developer Assignment"), (i) FOCIL assigned to ARE certain rights under the South OPA relating to the Blocks 33/34 Property and certain obligations under the South OPA relating to the Blocks 33/34 Property, and (ii) FOCIL retained certain rights under the South OPA relating to the Blocks 33/34 Property (as set forth and defined in Paragraph 2.1 of the Master Developer Assignment, the "Excluded Rights") and certain obligations under the South OPA relating to the Blocks 33/34 Property (as set forth and defined in Paragraph 2.1 of the Master Developer Assignment, the "Excluded Obligations"), upon the terms and conditions set forth in such Master Developer Assignment.

G. Pursuant to a certain Assignment, Assumption and Release Agreement among the Redevelopment Agency of the City and County of San Francisco, ARE and Bay Jacaranda NO. 3334, LLC, a Delaware limited liability company ("Bay 3334"), effective as of October 28, 2010, and recorded in the Official Records on November 10, 2010, at Reel K261, Image 0336, Document No. 2010-Jo73288-00, ARE assigned to Bay 3334 certain rights under the South OPA relating to the Blocks 33/34 Property and certain obligations under the South OPA relating to the Blocks 33/34 Property.

H. On _____ ___, 2014, Bay 3334 conveyed the Blocks 33/34 Property to the Regents pursuant to a Grant Deed effective as of _____ ___, 2014, and recorded in the Official Records on _____ ___, 2014, as Document No. _____. In connection with said transfer, the Regents did not assume the rights or obligations under the South OPA relating to the Blocks 33/34 Property but instead entered into a Release and Covenant Regarding Future Assumption with Bay 3334 and the Agency effective as of _____ ___, 2014, and recorded in the Official Records on _____ ___, 2014, as Document No. _____ (the "OPA Covenant").

I. *Insert as applicable*: [The Regents and Transferee have entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions dated as of _____ ___, 20___, pursuant to which the Regents has agreed to sell to Transferee, and Transferee has agreed to acquire from the Regents, the real property more particularly described on Exhibit B attached hereto (the "Transferred Property"), upon the terms and conditions therein set forth *or* [The Regents has ceased using the real property more particularly described on Exhibit B attached hereto (the "Transferred Property") for UCSF Purposes (as defined in the OPA Covenant.]

J. The terms and provisions of the OPA Covenant require the Transferee and the Regents to execute and deliver this Agreement as a condition precedent to the [[transfer] *or* [cessation of use for UCSF Purposes]] of the Transferred Property. Transferee is willing to accept and assume certain rights and obligations under the South OPA, on the terms and conditions set forth in the South OPA and this Agreement. [*If applicable*: In addition, in connection with the foregoing assumption, the Regents desires to be released by the Agency from the Regents' obligations under the OPA Covenant and related Memorandum of Understanding dated as of July ___, 2014 by and between the Regents and the Agency applicable to the Transferred Property (the "MOU")), and the Agency is willing to release the Regents from such obligations, on the terms and conditions set forth in this Agreement.]

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agency, the Regents, and Transferee agree as follows:

1. Assumption By Transferee.

1.1 Assumed Rights and Obligations. Effective as of the Effective Date, Transferee hereby expressly assumes and agrees to be bound by and perform, as a direct obligation of Transferee to the Agency, all of the rights of the Owner under the South OPA (except for the Excluded Rights) to the extent applicable to the Transferred Property

(collectively, the "Assumed Rights") and each and all of the obligations, terms, covenants, and agreements of the Owner under the South OPA (except for the Excluded Obligations) to the extent applicable to the Transferred Property (collectively, the "Assumed Obligations"), including, without limitation, the obligation to comply with the requirements of (i) the First Source Hiring Program, (ii) the Diversity Program, (iii) the CEQA Mitigation Measures, and (iv) the Transportation Management Plan, all as set forth in the South OPA. The Assumed Rights and the Assumed Obligations are sometimes collectively referred to herein as the "Assumed Rights and Obligations".

1.2 Excluded Rights and Obligations. The parties hereby expressly confirm and agree that the assumption contemplated in this Agreement shall not include or affect any of the Excluded Rights or any of the Excluded Obligations, which were not assigned to or assumed by the owner of the Transferred Property under the Master Developer Assignment. The Excluded Rights and the Excluded Obligations are sometimes collectively referred to herein as the "Excluded Rights and Obligations".

2. Acknowledgement By Transferee. In accordance with the requirements of Section 1.14 of the South OPA, Transferee hereby acknowledges that Transferee has reviewed the South OPA and agrees to be bound by the South OPA (except for the Excluded Rights and Obligations) and all conditions and restrictions applicable to the Transferred Property, including, without limitation, all conditions and restrictions contained in the Plan Documents and the Development Entitlements that are applicable to the Transferred Property (as stated in Recital C above, the Development Entitlements listed in Exhibit C attached hereto are illustrative of the material documents and instruments governing development of property within the South Plan Area, but such list is not intended to be an exhaustive list of all documents, instruments, and/or other matters that may govern development of property within the South Plan Area).

3. Transferee's Indemnification of Agency.

3.1 General Indemnity. Except as provided in Section 15.4 of the South OPA, Transferee agrees to and shall indemnify, defend, and hold the Agency and its respective commissioners, members, officers, employees, agents, successors and assigns, harmless from and against all claims, demands, losses, liabilities, damage, liens, obligations, interest, injuries, penalties, fines, lawsuits or other proceedings, judgments and awards and costs and expenses (including reasonable attorneys' fees and costs and consultant fees and costs and court costs) of whatever kind or nature, known or unknown, contingent or otherwise, including the reasonable costs to the Agency of carrying out the terms of any judgment, settlement, consent, decree, stipulated judgment or other partial or complete termination of an action or procedure that requires the Agency to take any action (collectively, "Losses") arising from or as a result of (i) the noncompliance of any Improvements on the Transferred Property with any Federal, state or local laws or regulations, including those relating to handicap access, or (ii) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur in or on the Transferred Property and which shall be directly or indirectly caused by the negligent act or omission of Transferee or its agents, servants, employees or contractors, except to the extent such Losses are directly or indirectly caused by the negligent act or omission or willful act of the Agency or its respective commissioners, members, officers, employees, agents, successors and assigns, including the negligence or other

actionable misconduct of the Agency, acting (or failing to act) in its governmental capacity, in the exercise of its police powers.

3.2 Contracts and Agreements. In addition to the foregoing, Transferee shall defend, hold harmless and indemnify the Agency and its respective commissioners, members, officers, agents and employees of and from all Losses arising directly or indirectly out of or connected with contracts or agreements entered into by Transferee in connection with its performance of the Assumed Obligations, except to the extent caused by the willful misconduct or the negligence of the Agency or arising from obligations to the Agency, City, or any City Agency arising under the Diversity Program or arising from compliance with Section 19.33 of the South OPA.

3.3 Effect of Indemnities. The indemnities set forth in Paragraphs 3.1 and 3.2 above are intended to have the same force, effect, meaning, and import as the indemnities set forth in Section 15.1 of the South OPA, limited, however, to the Transferred Property and the Assumed Obligations.

4. Representations and Warranties of the Regents. The Regents hereby makes the following representations and warranties to the Agency as of the Effective Date:

4.1 Consents. The Regents has obtained all consents to the assignments and transfers of the Transferred Property to Transferee that may be required by any agreement to which the Regents is a party. Other than the consents so obtained, no consent to the Transfer of the Transferred Property to Transferee is required under any agreement to which the Regents is a party or by which the Transferred Property is bound.

4.2 No Conflicts. The execution, delivery, and performance by the Regents of this Agreement (i) will not contravene any legal requirements applicable to the Regents or the Transferred Property, (ii) will not conflict with, breach or contravene any other agreement binding upon the Regents or the Transferred Property, and (iii) will not result in the creation or imposition of any liens on any portion of the Transferred Property (except as may be permitted under the terms of the South OPA).

5. Representations and Warranties of Transferee. Transferee hereby makes the following representations and warranties to the Agency as of the Effective Date:

5.1 No Agency Representations. Transferee has reviewed and is familiar with the terms and conditions of the South OPA. Transferee recognizes and acknowledges that, except as expressly provided herein, neither the Regents nor the Agency makes any representation or warranty hereby, express or implied, regarding the amount, nature, or extent of any obligation, liability, or duty under the South OPA with regard to the Transferred Property. Transferee understands and acknowledges that (i) Transferee is responsible for satisfying itself as to the existence and extent of the Assumed Obligations, and (ii) in accordance with the representations made by the Agency in Paragraph 6 below, the Agency has not agreed to any amendment of any provision of the South OPA with regard to the Transferred Property and, except as expressly provided herein or in the South OPA, the Agency has not waived any right of

the Agency or obligation of Owner under the South OPA with respect to the Transferred Property.

5.2 Consents. Transferee has obtained all consents in connection with its assumption of the Assumed Obligations and for its acquisition of the Transferred Property that may be required by any agreement to which it is a party. Other than the consents so obtained, no consent to the acquisition of the Transferred Property is required under any agreement to which Transferee is a party.

5.3 No Conflicts. The execution, delivery, and performance by Transferee of this Agreement and of the Assumed Obligations (i) will not contravene any legal requirements applicable to Transferee, (ii) will not conflict with, breach, or contravene any other agreement binding upon Transferee, and (iii) will not result in the creation or imposition of any liens on any portion of the Transferred Property (except as may be permitted under the terms of the South OPA).

5.4 Litigation. To the current actual knowledge of Transferee, there are no actions, suits, or proceedings at law or in equity or by or before any governmental authority pending or threatened against or affecting Transferee in which there is a reasonable possibility of a determination adverse to Transferee and that are reasonably likely, individually or in the aggregate, if determined adversely to Transferee, to have a material adverse effect on the ability of Transferee to perform the Assumed Obligations.

5.5 Net Worth. Transferee (a) has "Net Worth" (as defined in Section 1.53 of the South OPA) that meets the standard set forth in Section 14.1(a)(2)(x) of the South OPA, and (b) has a development team with experience in developing projects reasonably related (i.e., substantially similar) to the Project contemplated on the Transferred Property.

6. Representations and Warranties of Agency. The Agency hereby makes the following representations and warranties to the Regents and to Transferee as of the Effective Date:

6.1 South OPA. The South OPA is in full force and effect, and the Agency has not agreed to any amendment of any provision of the South OPA with respect to the Transferred Property.

6.2 No Waivers. Except as expressly provided herein or in the South OPA, the Agency has not waived any right of the Agency or any obligation of Owner under the South OPA with respect to the Transferred Property.

6.3 No Defaults. To the actual knowledge of the Agency, no default on the part of FOCIL, ARE or Bay 3334, and no breach or failure of condition that, with notice or lapse of time or both, would constitute a default on the part of FOCIL, ARE or Bay 3334, exists under the South OPA with respect to the Transferred Property.

6.4 No Set-Offs. To the actual knowledge of the Agency, there are no set-offs or defenses against the enforcement of any right or remedy, or any duty or obligation, of the Agency under the South OPA with respect to the Transferred Property.

6.5 No Termination Right. To the actual knowledge of the Agency, the Agency currently has no right to terminate the South OPA pursuant to Section 12.2(b) or 12.2(c) of the South OPA.

7. Transfer and Release.

7.1 Qualifying Transfer. The Agency hereby acknowledges (a) that the Agency has received from Transferee a Tax Allocation Debt Promissory Note in the form set forth in Exhibit D attached hereto and made a part hereof (the "Note"), and (b) in reliance on the representations and warranties made by Transferee in Paragraph 5.5 above and in consideration of the Note, that the Transfer from the Regents to Transferee is a permitted Transfer in accordance with Section 14.1(a)(2) of the South OPA.

7.2 Agency Release. [*The following provisions shall only apply to a Triggering Transfer of property from the Regents to another party and shall be subject to the Regents being in compliance with all material terms of the Release and Covenant to which this exhibit is attached and MOU upon the Transfer of the Transferred Property:*

The Agency hereby unconditionally and irrevocably fully releases and discharges the Regents from any and all rights, duties, or obligations under the OPA Covenant and MOU applicable to the Transferred Property. Without limiting the generality of the foregoing, the Agency acknowledges and agrees that the Regents shall not be liable for any default by Transferee with respect to the Assumed Obligations, and no default by Transferee with respect to the Assumed Obligations shall entitle the Agency to modify or terminate the South OPA, or otherwise affect any rights thereunder, with respect to any portion of the South Plan Area other than the Transferred Property. With respect to the foregoing release, the Agency hereby acknowledges that such release is made with the advice of counsel and with full knowledge and understanding of the consequences and effects of such release. Further, as to unknown and unsuspected claims as of the Effective Dale, the Agency hereby acknowledges that such release is made with the full knowledge, understanding, and agreement that California Civil Code Section 1542 provides as follows, and the Agency hereby agrees that the protection afforded by said Code Section and any similar law of the State of California or any other jurisdiction is specifically waived:

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

By: _____

7.3 Agency's Acknowledgment. Without in any way modifying, limiting, or expanding the provisions of Section 14.2 of the South OPA, the Agency hereby confirms that, pursuant to such Section 14.2, (i) Transferee shall not be liable for (A) any default by the Regents under the OPA Covenant, MOU or any other document by and between the Regents and the Agency, nor (B) any default by any other Transferee in the performance of its respective obligations under the South OPA, and (ii) without limiting the foregoing, a default under the

South OPA by any other Transferee shall not entitle the Agency to modify or terminate the South OPA, or otherwise affect any rights under the South OPA, with respect to the Transferred Property.

8. General Provisions.

8.1 Attorneys' Fees.

8.1.1 Prevailing Party. Should any party hereto institute any action or proceeding in court or other dispute resolution mechanism ("DRM") to enforce any provision hereof or for damages by reason of an alleged breach of any provision hereof, the prevailing party(ies) shall be entitled to receive from the losing party(ies) court or DRM costs or expenses incurred by the prevailing party(ies), including, without limitation, expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses, and such amount as the court or DRM may adjudge to be reasonable attorneys' fees for the services rendered the prevailing party(ies) in such action or proceeding. Attorneys' fees under this Paragraph 8.1 include attorneys' fees on any appeal, and, in addition, a party entitled to attorneys' fees shall be entitled to all other reasonable costs and expenses incurred in connection with such action.

8.1.2 Reasonable Fees. For purposes of this Agreement, reasonable fees of attorneys and any in-house counsel for the Agency, the Regents, or Transferee shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience in the subject matter area of the law for which the party's in-house counsel's services were rendered who practice in the City in law firms with approximately the same number of attorneys as employed by the City, or, in the case of the Regent's or Transferee's in-house counsel, as employed by the outside counsel for the Regents or Transferee, respectively.

8.2 Notices. A notice or communication under this Agreement by any party to any other party or to Primary Developer shall be sufficiently given or delivered if dispatched by hand or by registered or certified mail, postage prepaid, addressed as follows:

8.2.1 in the case of a notice or communication to 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

8.2.2 in the case of a notice or communication to FOCIL:

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 copies 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

8.2.3 in the case of a notice or communication to the Regents,

_____

_____

_____

Attn: _____

8.2.4 in the case of a notice or communication to Transferee,

_____

_____

_____

8.2.5 Content of Notice. Every notice given under this Agreement must state (or must be accompanied by a cover letter that states) substantially the following:

(a) the Section of the South OPA (or this Agreement) pursuant to which the notice is given and the action or response required, if any;

(b) if applicable, the period of time within which the recipient of the notice must respond thereto;

(c) if applicable, that the failure to object to the notice within a stated time period will be deemed to be the equivalent of the recipient's approval or disapproval of or consent to the subject matter of the notice;

(d) if approval is being requested, shall be clearly marked "Request for Approval"; and

(e) if a notice of disapproval or an objection which requires reasonableness, shall specify with particularity the reasons therefor.

8.2.6 Effective Date of Notice. Any mailing address may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement 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.

8.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective executors, administrators, successors, and assigns.

8.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one instrument. It shall not be necessary in making proof of this Agreement to account for more than one counterpart.

8.5 Captions. Any captions to, or headings of, the Articles, Paragraphs, or subparagraphs of this Agreement are solely for the convenience of the parties hereto, are not a

part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

8.6 Amendment To Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

8.7 Exhibits. The Exhibits attached hereto are hereby incorporated herein by this reference for all purposes.

8.8 Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

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

8.10 Fees and Other Expenses. Except as otherwise provided herein, each of the parties shall pay its own fees and expenses in connection with this Agreement.

8.11 Partial Invalidity. If any portion of this Agreement as applied to any party or to any circumstances shall be adjudged by a court to be void or unenforceable, such portion shall be deemed severed from this Agreement and shall in no way affect the validity or enforceability of the remaining portions of this Agreement.

8.12 Independent Counsel. Each party hereto acknowledges that: (a) it has been represented by independent counsel in connection with this Agreement; (b) it has executed this Agreement with the advice of such counsel; and (c) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel. The fact that this Agreement was prepared by the Regents' counsel as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against the Regents because the Regents' counsel prepared this Agreement in its final form.

[the remainder of this page has been intentionally left blank]

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

[Insert appropriate signature blocks and acknowledgement forms]

EXHIBIT A

LEGAL DESCRIPTION OF BLOCK 33/34 PROPERTY

Real property in the City of San Francisco, County of San Francisco, State of California, described as follows:

PARCEL ONE:

LOT 1, BLOCK 8725, AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP OF MISSION BAY" RECORDED JULY 19, 1999, IN BOOK Z OF MAPS, PAGES 97-119, IN THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA, AS CORRECTED BY THAT CERTAIN "CERTIFICATE OF CORRECTION" RECORDED SEPTEMBER 16, 2002, IN REEL I223, IMAGE 596, AS INSTRUMENT NUMBER 2002-H244619-00, IN THE OFFICE OF SUCH RECORDER.

EXCEPTING THEREFROM, THE FOLLOWING:

AS EXCEPTED AND RESERVED FOREVER BY THE STATE OF CALIFORNIA IN THAT CERTAIN PATENT DATED JUNE 14, 1999, TO THE CITY AND COUNTY OF SAN FRANCISCO, A CHARTER CITY AND COUNTY, IN TRUST, RECORDED JULY 19, 1999, IN REEL H429, IMAGE 507, SERIES NO. 99-G622155-00, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, FROM THAT PORTION OF THE ABOVE DESCRIBED REAL PROPERTY LYING WITHIN THE BOUNDARIES OF MINERAL RIGHTS PARCEL 11 DESCRIBED IN SUCH PATENT, THE FOLLOWING:

ALL MINERALS AND ALL MINERAL RIGHTS OF EVERY KIND AND CHARACTER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED IN THE ABOVE REFERRED TO MINERAL RIGHTS PARCEL 11, INCLUDING, BUT NOT LIMITED TO, OIL AND GAS AND RIGHTS THERETO, TOGETHER WITH THE SOLE, EXCLUSIVE, AND PERPETUAL RIGHT TO EXPLORE FOR, REMOVE, AND DISPOSE OF THOSE MINERALS BY ANY MEANS OR METHODS SUITABLE TO THE STATE OF CALIFORNIA OR TO ITS SUCCESSORS AND ASSIGNS, BUT WITHOUT ENTERING UPON OR USING THE SURFACE OF THE ABOVE REFERRED TO MINERAL RIGHTS PARCEL 11, AND IN SUCH MANNER AS NOT TO DAMAGE THE SURFACE THEREOF OR TO INTERFERE WITH THE USE THEREOF BY THE CITY AND COUNTY OF SAN FRANCISCO, ITS SUCCESSORS AND ASSIGNEES; PROVIDED, HOWEVER, THAT THE STATE OF CALIFORNIA, ITS SUCCESSORS AND ASSIGNS, WITHOUT THE PRIOR WRITTEN PERMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, ITS SUCCESSORS AND ASSIGNEES, SHALL NOT CONDUCT ANY MINING ACTIVITIES OF ANY NATURE WHATSOEVER ABOVE A PLANE LOCATED FIVE HUNDRED FEET (500')BELOW THE SURFACE OF THE ABOVE REFERRED TO MINERAL RIGHTS PARCEL 11.

FURTHER EXCEPTING THEREFROM THAT PORTION THEREOF DESCRIBED IN THAT CERTAIN GRANT DEED DATED OCTOBER 25, 2002, EXECUTED BY CATELLUS DEVELOPMENT CORPORATION, A DELAWARE CORPORATION, TO THE CITY AND COUNTY OF SAN FRANCISCO, A CHARTER CITY AND COUNTY, RECORDED DECEMBER 11, 2002, IN REEL I281, IMAGE 340, DOCUMENT NO. 2002-H309022-00 IN THE OFFICE OF SUCH RECORDER.

ASSESSOR'S PARCEL NUMBER: LOT 001, BLOCK 8725 (A PORTION)

PARCEL TWO:

THAT CERTAIN REAL PROPERTY DESCRIBED IN THAT CERTAIN QUITCLAIM DEED DATED NOVEMBER 5, 2002, EXECUTED BY THE CITY AND COUNTY OF SAN FRANCISCO, A CHARTER CITY AND COUNTY, TO CATELLUS DEVELOPMENT CORPORATION, A DELAWARE CORPORATION, RECORDED DECEMBER 11, 2002 IN REEL I281, IMAGE 341, DOCUMENT NO. 2002-H309023-00, IN THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE LOT AND BLOCK HEREAFTER MENTIONED ARE IN ACCORDANCE WITH THAT CERTAIN MAP ENTITLED "MAP OF MISSION BAY", RECORDED JULY 19, 1999 IN BOOK Z OF MAPS, AT PAGES 97-119, IN THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA.

COMMENCING AT THE MOST NORTHWESTERLY CORNER OF PARCEL 29, AS SAID PARCEL IS DESCRIBED IN THE QUITCLAIM DEED TO THE CITY AND COUNTY OF SAN FRANCISCO, RECORDED JULY 19, 1999 IN REEL H429, PAGE 512 (DOCUMENT NUMBER 99-G622160), OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, SAID POINT OF COMMENCEMENT ALSO BEING THE MOST NORTHWESTERLY CORNER OF BLOCK 8725, LOT 2 AS SHOWN ON SAID MAP (Z MAPS 97);

THENCE, EASTERLY ALONG THE NORTHERLY BOUNDARY LINE OF SAID PARCEL 29, SAID LINE ALSO BEING THE NORTHERLY LINE OF SAID LOT 2, NORTH 86 DEG. 49' 04" EAST 15.00 FEET TO THE POINT OF BEGINNING.

THENCE, ALONG THE EXTERIOR BOUNDARY OF SAID PARCEL 29, SAID LINES ALSO BEING THE EXTERIOR BOUNDARY OF SAID LOT 2, THE FOLLOWING TWO (2) COURSES:

1) NORTH 86 DEG. 49' 04" EAST, 42.21 FEET, TO THE MOST NORTHEASTERLY CORNER OF SAID PARCEL 29 AND SAID LOT 2, SAID CORNER ALSO BEING A POINT OF CUSP ON THE ARC OF A TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 44.21 FEET, TO WHICH POINT A RADIAL LINE BEARS NORTH 03 DEG. 10' 56" WEST.

2) WESTERLY, SOUTHWESTERLY AND SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 72 DEG. 42' 00", AN ARC DISTANCE OF 56.10

FEET, TO A POINT THAT BEARS SOUTH 03 DEG. 10' 56" EAST, FROM SAID POINT OF BEGINNING.

THENCE, LEAVING SAID EXTERIOR BOUNDARY LINE OF PARCEL 29 AND SAID LOT 2, ALONG A LINE PARALLEL WITH AND DISTANT 15.00 FEET EASTERLY, MEASURED AT A RIGHT ANGLE, FROM THE WESTERLY BOUNDARY LINE OF SAID PARCEL 29 AND SAID LOT 2, NORTH 03 DEG. 10' 56" WEST, 31.06 FEET, TO THE POINT OF BEGINNING.

ASSESSOR'S PARCEL NUMBER: LOT 004, BLOCK 8725

EXHIBIT B

LEGAL DESCRIPTION OF TRANSFERRED PROPERTY

[To be inserted]

EXHIBIT C

DEVELOPMENT ENTITLEMENTS

[To be updated by parties at time of execution]

The following constitute the Development Entitlements:

1. The Final Mission Bay Subsequent Environmental Impact Report certified on September 17, 1998, by the Planning Commission of the City and County of San Francisco, California (the "City") by Motion No. 14696, and all further amendments or addenda thereto.

2. The Mission Bay South Design for Development adopted on September 17, 1998, by the Commission of the Redevelopment Agency of the City and County of San Francisco (the "Redevelopment Agency") by Resolution No. 191-98, as the same may be amended from time to time.

3. The Mission Bay Subdivision Ordinance adopted on October 26, 1998, by the City's Board of Supervisors by Ordinance No. 329-98, as the same may be amended from time to time.

4. The Mission Bay South Redevelopment Plan adopted on November 2, 1998, by the City's Board of Supervisors by Ordinance No. 335-98, together with (i) a certificate of correction recorded in the Official Records on January 20, 1999 as Instrument No. 99-G501704 and (ii) an amendment by Board of Supervisors Ordinance No. 143-13, adopted on July 11, 2013, all as the same may be further corrected and amended from time to time.

5. The Mission Bay South Owner Participation Agreement dated November 16, 1998, between the Redevelopment Agency and Catellus Development Corporation ("CDC"), including all Attachments thereto (authorized on September 17, 1998, by the Redevelopment Agency Commission by Resolution No. 193-98), as amended by (i) the First Amendment To Mission Bay South Owner Participation Agreement dated February 17, 2004, between the Redevelopment Agency and Catellus Land and Development Corporation, (ii) the Second Amendment To Mission Bay South Owner Participation Agreement dated November 1, 2005, among the Redevelopment Agency, Catellus Operating Limited Partnership (as successor by merger to CDC), and FOCIL-MB, LLC ("FOCIL") (iii) the Third Amendment to Mission Bay South Owner Participation Agreement dated as of May 21, 2013, between Successor Agency and FOCIL, (iv) the Fourth Amendment to Mission Bay South Owner Participation Agreement dated as of June 4, 2013, between Successor Agency and FOCIL, and (v) the Fifth Amendment to Mission Bay South Owner Participation Agreement dated as of _____ ____, 2014, between Successor Agency and FOCIL, as any of the foregoing may be amended from time to time.

6. The Mission Bay Subdivision Regulations adopted on November 18, 1998, by the City's Department of Public Works, as the same may be amended from time to time.

7. Transportation Management Association Strategic Plan and Organizational Structure dated May 5, 1999, as the same may be amended from time to time.

8. The Risk Management Plan dated May 11, 1999, for the Mission Bay Area, San Francisco, California, as the same may be amended from time to time (approved on May 12, 1999, by the State of California Regional Water Quality Control Board for the San Francisco Bay Region (the "Regional Board")).

9. Mission Bay South Plan Area Streetscape Master Plan dated December 15, 1999, as the same may be amended from time to time (approved by the Redevelopment Agency Commission by Resolution No. 06-2000).

10. The Covenant and Environmental Restriction on Property made for the benefit of the Regional Board by the City and by the City, acting by and through the San Francisco Port Commission, dated as of February 3, 2000, and recorded in the Official Records of San Francisco County, California (the "Official Records") on March 21, 2000, as Series No. 2000-G748551.

11. The Covenant and Environmental Restriction on Property made for the benefit of the Regional Board by CDC dated as of February 23, 2000, and recorded in the Official Records on March 21, 2000, as Series No. 2000-G748552.

12. Signage Master Plan Application dated June 27, 2000, as the same may be amended from time to time (approved by the Redevelopment Agency Commission by Resolution No. 101-2000).

13. Permit No. 5-00 issued on December 12, 2000, by the San Francisco Bay Conservation and Development Commission, as the same may be amended from time to time ("BCDC Permit"). A copy of the BCDC Permit, as amended through November 16, 2001 (Amendment No. Two), was recorded in the Official Records on December 10, 2001, as Series No. 2001-H066919.

14. Any approvals by the Redevelopment Agency of basic concept design plans, schematic design plans, design development documents, and/or final construction documents for the improvements constructed or to be constructed on the Transferred Property.

15. Project authorizations from the Planning Commission (pursuant to Sections 320-325 of the San Francisco Planning Code) (i.e., a Prop M allocation) approving "office developments" on the Transferred Property.

EXHIBIT D

FORM OF TAX ALLOCATION DEBT PROMISSORY NOTE

MISSION BAY SOUTH TAX ALLOCATION DEBT
PROMISSORY NOTE

San Francisco, California
Effective Date: _____, 20__

FOR VALUE RECEIVED, the undersigned, [_____] (the "Promisor"), promises to pay, on demand, to the order of the [Redevelopment Agency of the City and County of San Francisco] (the "Payee"), at [One South Van Ness Avenue, 5th Floor, San Francisco, California 94103, Attention: Director of Finance] (or such other place or to such other party as the Payee may from time to time designate in writing), for the benefit of the Payee and the City and County of San Francisco (the "City"), any "Additional Payments" (as defined in the Mission Bay South Financing Plan attached as Attachment E (the "Financing Plan") to the Mission Bay South Owner Participation Agreement dated as of November 16, 1998, between Catellus Development Corporation, a Delaware corporation, and the Payee, as the same has or may be amended pursuant to its terms (the "South OPA")), attributable to the real property in the South Plan Area more particularly described on Exhibit A attached hereto, with no interest other than as specified below. Unless otherwise defined in this Note, all capitalized terms shall have the meanings given them in the South OPA.

The Additional Payments shall be due and payable within thirty (30) days after written demand therefor from the Payee to the Promisor. In no event shall the Payee be entitled to demand payment more than sixty (60) days before any debt service payment is then due and payable on the applicable Tax Allocation Debt.

If any payment obligation under this Note is not paid when due, the Promisor shall promptly pay all costs, including, without limitation, collection charges and "Attorneys' Fees and Costs" (as defined below), incurred by the Payee in connection with the enforcement of its rights under this Note, whether or not suit is filed (collectively, the "Reimbursement Amount"), and the Promisor hereby waives to the fullest extent permitted by law all right to plead any statute of limitations as a defense to any action hereunder. The past due payment obligation and the Reimbursement Amount shall be accompanied by interest on such amounts at the rate of the lesser of ten percent (10%) per annum or the maximum rate permitted by law, from the date due through and including the date of payment of such amounts (calculated on the basis of a 365-day year for the actual number of days elapsed).

All payments on this Note shall be applied first to accrued interest then due, if any, and the balance shall be applied to principal.

If any one or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in lawful currency of the United States of America and in immediately available funds, including certified check and wire

transfer of funds. The Promisor hereby waives presentment for payment, diligence, demand, protest and notice of protest for non-payment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Payee under this Note, or assignment by the Payee of this Note shall in any way affect the liability of the Promisor. All rights and remedies of the Payee under this Note are cumulative and may be exercised independently or consecutively at the Payee's option. The rights and remedies provided under this Note are in addition to any rights or remedies provided under the South OPA or any agreements contemplated thereby.

Promisor agrees to indemnify, defend and hold the Payee and the City and their respective officers, directors, commissioners, employees and agents (collectively, the "Indemnified Parties") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, causes of action, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, Attorneys' Fees and Costs as hereinafter defined) arising in connection with any investigative, administrative or judicial proceeding, that may be imposed on, incurred by or asserted against such Indemnified Party, in any manner relating to or arising out of or in connection with the payment or enforcement of this Note (collectively, the "Indemnified Liabilities"). Notwithstanding the foregoing, Indemnified Liabilities shall not include (a) liabilities, obligations, losses, damages, penalties, actions, causes of action, judgments, suits, claims, costs, expenses and disbursements to the extent caused by or resulting from the willful misconduct or negligence of such Indemnified Party, including, without limitation, a willful breach of any obligations of the City under the Tax Allocation Agreement or the Payee under the Financing Plan or (b) consequential damages arising from any actual losses related to an indemnified claim. Promisor shall defend the Indemnified Parties against any claims that are actually or potentially within the scope of the indemnity provisions of this instrument, even if such claims may be groundless, fraudulent or false.

"Attorneys' Fees and Costs" means any and all attorneys' fees, costs, expenses and disbursements, including, but not limited to: expert witness fees and costs, travel time and associated costs; transcript preparation fees and costs; document copying expenses; exhibit preparation costs; carrier expenses and postage and communications expenses; such amount as a court or other decision maker may adjudge to be reasonable attorneys' fees for the services rendered to the prevailing party in such action or proceeding; fees and costs associated with execution upon any judgment or order; and costs on appeal and any collection efforts. For purposes of this Note, the reasonable fees of attorneys and any in-house counsel for the City, the Payee and the Promisor shall be based on the fees regularly charged by private attorneys with the equivalent number of years of professional experience in the subject matter area of the law for which the City's, the Payee's or the Promisor's in-house counsel's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City or the Payee or, in the case of the Promisor, as employed by outside counsel for the Promisor.

The Indemnified Parties agree to give prompt notice to the Promisor with respect to any suit or claim initiated or threatened against the Indemnified Parties, at the address for notices to the Promisor set forth below and in the manner set forth in Section 19.2 of the South OPA, and

in no event later than the earlier of (a) ten (10) days after valid service of process as to any suit or (b) fifteen (15) days after receiving written notification of the filing of such suit or the assertion of such claim, which the Indemnified Party has reason to believe is likely to give rise to a claim for indemnity hereunder. If prompt notice is not given to the Promisor, then the Promisor's liability hereunder shall terminate as to the matter for which such notice is not given, provided that failure to notify the Promisor shall not prejudice the rights of the Indemnified Party hereunder unless the Promisor is prejudiced by such failure, and then only to the extent of such prejudice. The Promisor shall, at its option but subject to the reasonable consent and approval of the Indemnified Party, be entitled to control the defense, compromise or settlement of any such matter through counsel of the Promisor's own choice; provided, however, that in all cases the Indemnified Party shall be entitled to participate in such defense, compromise, or settlement at its own expense. If the Promisor shall fail, however, in the Indemnified Party's reasonable judgment, within a reasonable time following notice from the Indemnified Party alleging such failure, to take reasonable and appropriate action to defend, compromise or settle such suit or claim, the Indemnified Party shall have the right promptly to hire counsel at the Promisor's sole expense to carry out such defense, compromise or settlement, which expense shall be immediately due and payable to the Indemnified Party upon receipt by the Promisor of a properly detailed invoice therefor. The indemnities set forth above shall survive any termination of the Financing Plan as to matters that arise during the term hereof.

This Note is not secured by any real property or interests therein.

Any failure of the Payee to exercise any rights under this Note shall not constitute a waiver of the right to the later exercise thereof.

This Note may not be changed, amended or modified orally, and may only be amended or modified by an instrument in writing which by its express terms refers to this Note and is duly executed by the Promisor and accepted in writing by the Payee.

Notice may be given to the Payee at the address for notice to the Payee set forth below and in the manner set forth in the South OPA, and notice may be given to the Promisor at the address for notice to the Promisor set forth below and in the manner set forth in the South OPA.

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

Time is of the essence with respect to each and every term and provision of this Note.

The terms of this Note shall bind the Promisor and inure to the benefit of the Payee and the City and their respective successors and assigns.

This Note shall terminate and be of no further force or effect, upon (a) the Transfer of any property in the South Plan Area to a Transferee for which this Note is not required under the South OPA, including the Financing Plan, provided such obligations shall be relieved only as to the property so Transferred, or (b) the latest of (i) payment in full of this Note together with any and all other amounts payable by Promisor under this Note (including any Reimbursement Amounts), (ii) payment for all Infrastructure under the terms of the Financing Plan, and (iii) payment in full of the Tax Allocation Debt; provided, however, any obligations that

Promisor has under this Note that arose and were not satisfied before such date shall survive any such termination. Nothing herein shall limit Promisor's obligation to execute and deliver a Tax Allocation Bond Guaranty for certain Additional Payments if the same is required under the South OPA, including the Financing Plan, upon a Transfer of any portion of the South Plan Area to a Non-Qualifying Transferee.

Duly authorized and executed in San Francisco, California, effective as of _____, 20___.

Promisor:

[_____]

By: _____
Print Name: _____
Print Title: _____

Promisor's Notice Address:

_____
_____
_____
Attn: _____
Telefacsimile: _____

with a copy to the following:

_____
_____
_____
Attn: _____
Telefacsimile: _____

Payee's Notice Address:

_____
_____
_____
Attn: _____
Telefacsimile: _____

with a copy to the following:

_____
_____
_____
Attn: _____
Telefacsimile: _____

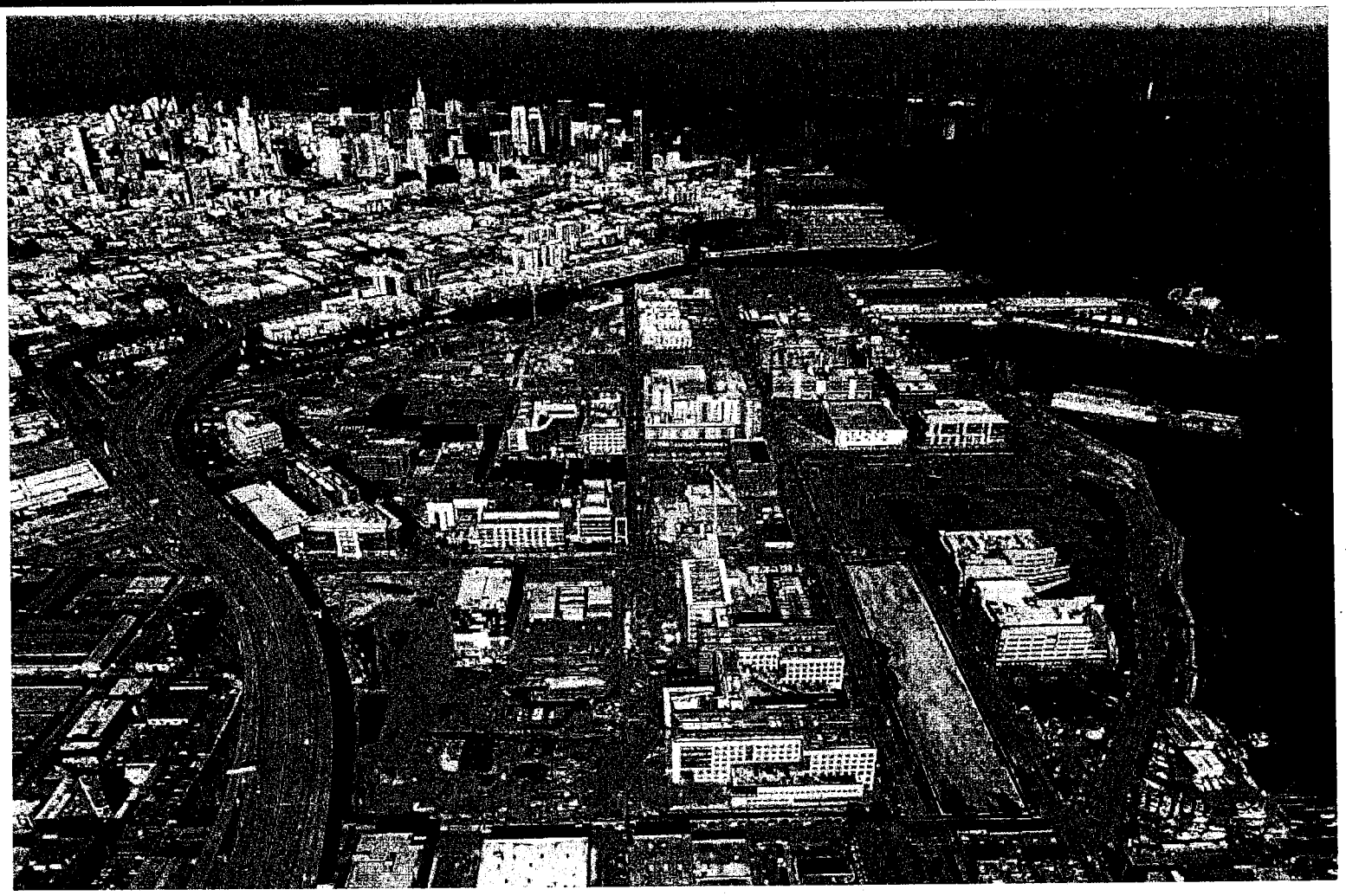
EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[To be inserted]

File # 140423

Mission Bay South – Blocks 33 and 34



Budget and Finance Committee: April 30, 2014

Proposed Legislation

- Consenting to the transfer of Blocks 33 and 34 to the UC Regents, a tax exempt entity, for the future development of 500,000 gross square feet in Mission Bay South

- Required by Section 14.7 of the Mission Bay South Owner Participation Agreement

Mission Bay South

- 303 acres of land comprise two redevelopment project areas: Mission Bay North and South
- South governed by Redevelopment Plan, Owner Participation Agreement, and related agreements
- FOCIL obligated to construct infrastructure under South OPA
- Pledge Agreement obligates OCII to reimburse FOCIL using tax increment
- Pledge Agreement also dedicates approx. 20% of tax increment to affordable housing program in South Redevelopment Plan

Redevelopment Dissolution Law

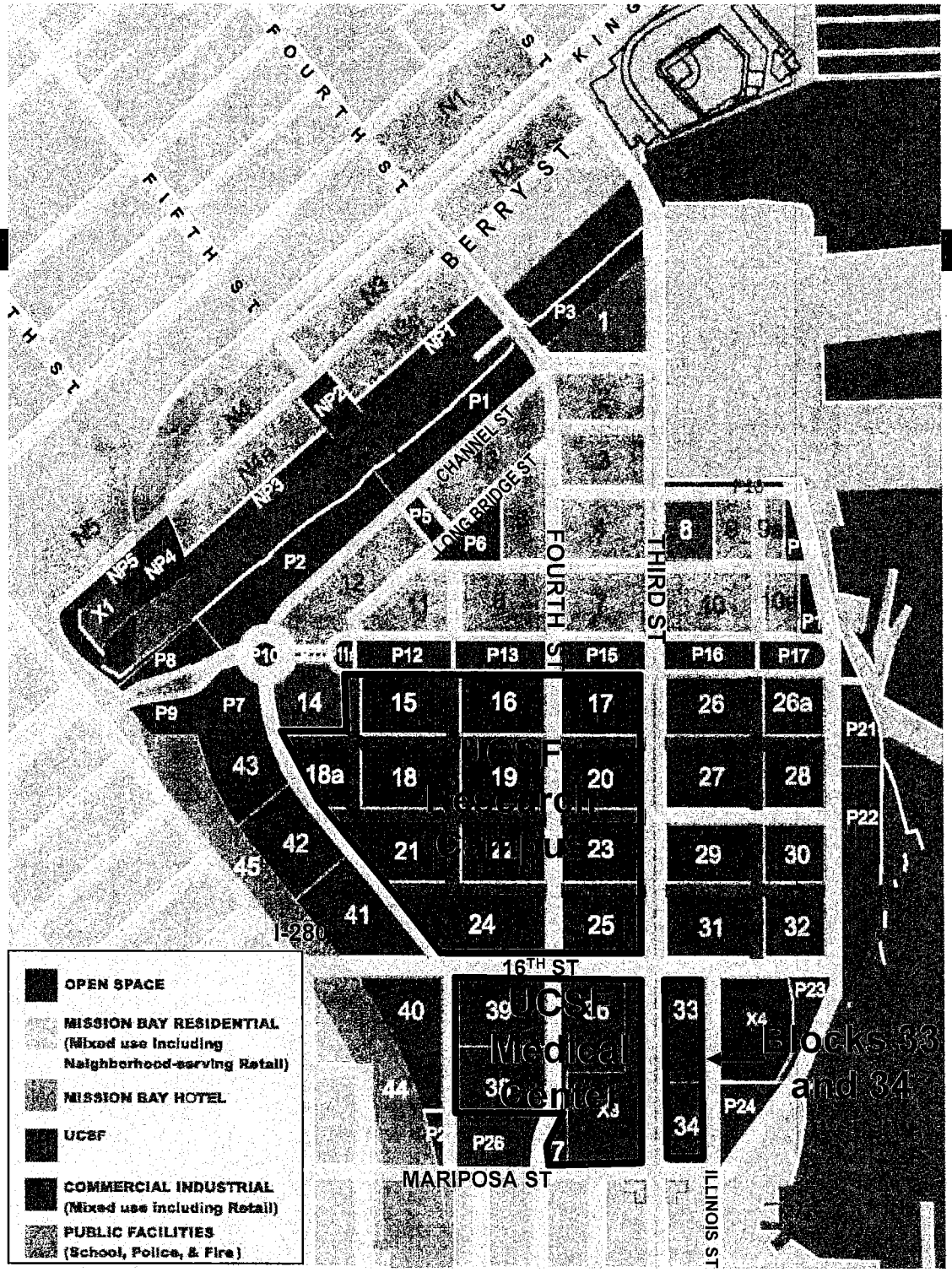
- Amendments to enforceable obligations, such as South OPA, must create a benefit to taxing entities

- OCII required to allocate funding to fulfillment of enforceable obligations – namely, affordable housing and public infrastructure

Transfer of Blocks 33 and 34 to UCSF

- UCSF already owns 43-acre Campus Site and Medical Center site
- Under contract to acquire Blocks 33-34 from salesforce.com for office uses related to the Campus Site
- Exempt under State Constitution from local land use and redevelopment regulations and from local property taxes
- Subject to third party contractual obligations, such as South OPA

Location Map



Section 14.7 of South OPA

- **Prohibits transfer of property to tax-exempt entity without:**

  1. **a contractual commitment from tax exempt entity to make a payment in lieu of taxes (PILOT) equal to the full amount of taxes that would otherwise have been assessed**

  OR

  2. **Obtaining the written consent of OCII and the City**

- **Primary intent: maintain the ability to fund construction of the infrastructure and affordable housing under South OPA**

- **Blocks 33-34 currently subject to a PILOT Agreement**

  - **Requires any tax exempt entity to make CFD payments and payments in lieu of property taxes primarily for affordable housing and infrastructure**

Memorandum of Understanding

- Considered and approved by OCII's Commission on April 29
- Releases UCSF from certain obligations under the South Plan, South OPA, and PILOT to reflect exempt status
- Key financial terms:

1. Affordable Housing Payment
   - $10.2 million
   - One-time, up front-payment to OCII
2. Infrastructure Payment
   - $21.9 million
   - One-time, up front-payment to FOCIL
3. CFD Payments
   - CFD No. 5 – maintenance of parks and open space
   - CFD No. 6 – infrastructure costs

Net Present Value of Payments

- **OCII hired ALH Economics to independently determine NPV of increment that would have been generated by UCSF's development to 2043**

Estimated NPV of PILOT	**$39.8 million**
Payments under MOU	
Affordable Housing	$10.2 million
Infrastructure	$21.9 million
	$32.1 million
Difference	**$7.7 million**

Benefit Findings

- **Immediately available funds for affordable housing and infrastructure**
  - **Accelerates completion of development**
  - **Frees up property tax revenues more quickly**

Additional Policy Considerations

- Potential consolidation of UCSF's operation and relocation from remote SF locations
  - Return properties to tax rolls and generate general fund and tax revenues
- Employment
  - UCSF is one of the City's largest employers, with a paid workforce of approximately 22,500 employees
  - Project will create new construction jobs
- UCSF contributes over $60 million annually in direct sales spending in the City
  - About $700 million with multiplier effects of direct spending and wages
- UCSF is a catalyst for the developing biotech industry
- UCSF provides valuable education and medical services
- UCSF has already made a substantial investment in the Campus Site and Medical Center

Approvals

- **Board of Supervisors –**
  1. **Consenting to transfer under Section 14.7 of OPA as regulatory body of City**
  2. **Consenting to the affordable housing provisions of the MOU, Fifth OPA Amendment, and Release Agreement as the legislative body of OCII**
- **Oversight Board and Department of Finance – Fifth OPA Amendment**

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

☒ 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)

☐ 2. Request for next printed agenda Without Reference to Committee.

☐ 3. Request for hearing on a subject matter at Committee.

☐ 4. Request for letter beginning "Supervisor [ ] inquires"

☐ 5. City Attorney request.

☐ 6. Call File No. [ ] from Committee.

☐ 7. Budget Analyst request (attach written motion).

☐ 8. Substitute Legislation File No. [ ]

☐ 9. Reactivate File No. [ ]

☐ 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission

☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

Supervisor Kim

Subject:

Consent to Property Transfer to Regents of the University of California under Mission Bay South Owner Participation Agreement

The text is listed below or attached:

See attached.

Signature of Sponsoring Supervisor: [signature]

For Clerk's Use Only:

140423

File No. 140433 Committee Item No. 12
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee **Date** May 14, 2014

Board of Supervisors Meeting **Date** _____

Cmte	Board	
☐	☐	**Motion**
☐	☐	**Resolution**
☐	☐	**Ordinance**
☐	☐	**Legislative Digest**
☐	☐	**Budget and Legislative Analyst Report**
☐	☐	**Youth Commission Report**
☒	☐	**Introduction Form**
☐	☐	**Department/Agency Cover Letter and/or Report**
☐	☐	**MOU**
☐	☐	**Grant Information Form**
☐	☐	**Grant Budget**
☐	☐	**Subcontract Budget**
☐	☐	**Contract/Agreement**
☐	☐	**Form 126 – Ethics Commission**
☐	☐	**Award Letter**
☐	☐	**Application**
☐	☐	**Public Correspondence**

OTHER **(Use back side if additional space is needed)**

☐	☐	_____
☐	☐	_____
☐	☐	_____
☐	☐	_____
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☐	☐	_____
☐	☐	_____
☐	☐	_____

Completed by: Linda Wong **Date** May 9, 2014
Completed by: _____ **Date** _____

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

☐ 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)

☐ 2. Request for next printed agenda Without Reference to Committee.

☒ 3. Request for hearing on a subject matter at Committee.

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☐ 5. City Attorney request.

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☐ 9. Reactivate File No. _____

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☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission

☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

Supervisor Mark E. Farrell

Subject:

Hearing - Nine Month Budget Status Report

The text is listed below or attached:

Hearing to receive update from the Controller's Office on the Nine Month Budget Status Report.

Signature of Sponsoring Supervisor: _____

For Clerk's Use Only:

140433