File No. 220346 **Committee Item No.** 7
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee **Date** April 20, 2022
Board of Supervisors Meeting **Date** _____

Cmte Board

☐	☐	**Motion**
☒	☐	**Resolution**
☐	☐	**Ordinance**
☐	☐	**Legislative Digest**
X	☐	**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)**

☒	☐	Disposition and Development Agreement - 6/28/2011
☒	☐	Cal Housing and Community Development- Memo/Project Solicitation - 10/5/2021
☒	☐	Citywide Affordable Housing Loan Committee Approval - 3/18/2022
☒	☐	Summary Proforma
☒	☐	Board Resolution No. 97-11
☒	☐	Board Resolution No. 246-11
☐	☐	
☐	☐	

Completed by: Brent Jalipa **Date** April 14, 2022
Completed by: Brent Jalipa **Date** _____

FILE NO. 220346 RESOLUTION NO.

[Standard Agreement - California Department of Housing and Community Development California Housing Accelerator Program - Treasure Island Parcel C3.1 - $60,000,000]

Resolution authorizing Treasure Island Development Authority (the "Authority") to execute a Standard Agreement and other related documents with the State of California Department of Housing and Community Development ("HCD") under the California Housing Accelerator Program which the Standard Agreement includes an award not to exceed $60,000,000 as a loan to Mercy Housing California 82, L.P. ("Developer"), as sole borrower, for construction of a development affordable to low- and moderate-income families at Treasure Island Parcel C3.1, located at Avenue C (old address) / 78 Johnson (new address) for a term of five years to commence upon execution of the Standard Agreement by HCD.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"); and

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco (the "City"), which is on file with the Clerk of the Board of Supervisors in File No. 244-97-3 and is incorporated herein by reference; and

WHEREAS, The Authority, acting by and through its Board of Directors (the "Authority Board"), has the power, subject to applicable laws, to sell, lease, exchange, transfer, convey or otherwise grant interests in or rights to use or occupy all or any portion of the Base; and

WHEREAS, In 2003, Treasure Island Community Development, LLC (the "Master Developer") was selected as master developer for the Base following a competitive process; and

WHEREAS, The Authority, the Authority Board, the Treasure Island Citizens Advisory Board, the City, and the Master Developer worked for more than a decade to plan for the reuse and development of Treasure Island, and as a result of this community-based planning process, the Authority and Master Developer negotiated the Disposition and Development Agreement ("DDA") to govern the disposition and subsequent development of the proposed development project (the "Project"); and

WHEREAS, The Financing Plan, an exhibit to the DDA, calls for the Authority and Master Developer to work together to seek appropriate grants for the Project; and

WHEREAS, On April 21, 2011, in a joint session with the Planning Commission, the Authority Board unanimously approved a series of entitlement and transaction documents relating to the Project, including certain environmental findings under the California Environmental Quality Act ("CEQA"), Mitigation Monitoring and Reporting Program, and DDA and other transaction documents; and

WHEREAS, On June 7, 2011, the Board of Supervisors unanimously confirmed certification of the final environmental impact report and made certain environmental findings under CEQA (collectively, the "FEIR") by Resolution No. 246-11, which is on file with the Clerk of the Board of Supervisors in File No. 110328 and is incorporated herein by reference, and approved the DDA and other transaction documents; and

WHEREAS, The Authority Board of Directors has reviewed and considered the FEIR and confirms that the proposed Treasure Island Parcel C3.1 project resulting in construction of low- and moderate-income housing is consistent with the planned Project, FEIR and environmental findings it made under CEQA when it approved the project on April 21, 2011; and

WHEREAS, The Authority Board of Directors finds that none of the circumstances that would require preparation of a supplemental or subsequent environmental study under Public Resources Code, Section 21166, or CEQA Guidelines, Section 1516, are present, in the sense that no changes to the Project or the Project circumstances have occurred that would result in additional environmental impacts, or in substantially increased severity of already identified environmental impacts, and there are not mitigation measures or alternatives that were previously identified to be infeasible but would in fact be feasible; and no new mitigation measures or alternative that would substantially reduce the identified environmental impacts; and

WHEREAS, HCD issued the Tier I Project Solicitation and Guidelines ("NOFA") dated October 5, 2021, establishing the California Housing Accelerator Program (the "Program"); and

WHEREAS, The Authority is an Eligible Applicant/Sponsor under the Program; and

WHEREAS, Mercy Housing California, a California public benefit corporation ("Mercy"), requested that the City, acting by and through the Authority, be a joint applicant for its application to the California Housing Accelerator Program for its Treasure Island Parcel C3.1 project; the project consists of 138-unit new construction development, which includes 1 unit is for an onsite manager and 71 units will be replacement units for existing supporting housing and 23 units will be set aside for Pre-DDA households whose incomes exceed 80% City

Median Income, and the remaining units will be tax credit qualified affordable units (the "Parcel C3.1 Affordable Housing Project"); and

WHEREAS, Mercy's and the City's application was successful and the parties were notified on February 3, 2022 (the "HCD Award"); and

WHEREAS, Mercy established Mercy Housing California 82, L.P., a California limited partnership (the "Developer"), as a separate entity under which to develop and construct the Parcel C3.1 Affordable Housing Project; and

WHEREAS, The HCD Award requires the Developer and the City, acting by and through the Authority, to enter into a Standard Agreement and for the Developer, as the sole borrower (with no funds going to the City and all funds going to the Developer as the sole borrower), to enter into a loan in an amount not to exceed $60,000,000 for the development and construction of the Parcel C3.1 Affordable Housing Project; now, therefore, be it,

RESOLVED, That the Board of Supervisors approves and authorizes the Authority, in consultation with the City Attorney, to enter into, execute, and deliver a Standard Agreement in an amount not to exceed $60,000,000 which amount is in the form of a loan to the Developer, and any and all other documents required or deemed necessary or appropriate to participate in the Program, and all amendments thereto, under terms and conditions approved by the City Attorney providing that Program funds are to be used for allowable expenditures in accordance with the NOFA and Program Guidelines and Application Package; and, be it

FURTHER RESOLVED, That all actions authorized and directed by this Resolution and heretofore taken are ratified, approved and confirmed by this Board of Supervisors; and, be it

FURTHER RESOLVED, That within thirty (30) days of the Standard Agreement being fully executed by all parties, the Authority (or its designee) shall provide the final Standard Agreement to the Clerk of the Board for inclusion into the official file; and, be it

FURTHER RESOLVED, That the Board of Supervisors acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the Solicitation and the Standard Agreement will be incorporated in the Standard Agreement by reference and made a part thereof; any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement; funds are to be used for the allowable expenditures, uses, and activities identified in the Standard Agreement; and, be it

FURTHER RESOLVED, That the Director of the Treasure Island Development Authority, or his designee, is hereby authorized to execute the Application on behalf of the Public Entity.

Recommended:

/s/
Robert Beck, Director, Treasure Island Development Authority

/s/
London N. Breed, Mayor

Items 7 & 8 Files 22-0346 & 22-0347	Department: Mayor's Office of Housing and Community Development (MOHCD)

EXECUTIVE SUMMARY

Legislative Objectives

- File 22-0347: is a resolution that would: (1) approve a loan agreement between MOHCD and Mercy Housing California 82, L.P., a California limited partnership formed by parent entity Mercy Housing California, in an amount not to exceed $33,452,317 to finance the construction of 78 Johnson Street, a multifamily affordable rental housing project.
- File 22-0346: is a resolution that would authorize TIDA to execute a $60 million Standard Agreement and other related documents with the State Housing and Community Development Department (HCD) under the California Housing Accelerator Program.

Key Points

- The proposed project includes 138 units: 71 will serve as replacement housing for Catholic Charities' 71 existing households on the island and 23 will serve as replacement housing for existing Treasure Island residents. In addition to the replacement housing, the project will add 43 new affordable lottery units.
- The City was not awarded tax-exempt bond financing from the California Debt Limit Allocation Committee (CDLAC) for the 78 Johnson Street project. HCD awarded funding of $55.6 million in February 2022, which was part of a pool of Housing Accelerator Funds established to fund projects that did not meet CDLAC's funding criteria.

Fiscal Impact

- MOHCD previously entered into a loan agreement with Mercy Housing California 82, L.P. for $4,500,000 to pay for initial planning and development costs; MOHCD proposes to amend the existing agreement, increasing the loan amount by $28,952,317 to complete development and construction activities, including permanent financing related to the Project, for a total City loan amount of $33,452,317, primarily funded by general obligation bonds.
- The total development cost for the 138 units is $117,273,831, or $849,810 per unit. The total per housing unit City subsidy is $242,408.

Recommendations

1. Amend File 22-0346 to correctly state that the Standard Agreement award not to exceed amount is $55,601,514.
2. Approve Files 22-0347 and 22-0346 as amended.

MANDATE STATEMENT

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

BACKGROUND

Affordable Housing on Treasure Island

The City is funding the second affordable housing development on Treasure Island as part of the Treasure Island/Yerba Buena Island Redevelopment Plan. The Treasure Island/Yerba Buena Development Project (Project) is part of the Treasure Island Development Authority's (TIDA) ongoing project to transition Treasure Island and a portion of Yerba Buena Island from a former military base to a residential and commercial development. In 2011, the Board of Supervisors approved the Development Agreement between the City and Treasure Island Community Development, LLC (TICD), the principal developer for the Treasure Island development project, and the Disposition and Development Agreement (DDA) between TIDA and TICD (Files 11-0226 and 11-0291).

The DDA's Housing Plan requires approximately 8,000 new residential units, including up to 2,173 units (27 percent) affordable to low and moderate-income households. According to the Housing Plan, up to 1,866 units are 100 percent affordable housing projects, and the balance (307 units) are below market rate inclusionary rental or ownership units; of the 1,866 affordable housing units, a minimum of 435 are reserved for homeless households, including 250 replacement units for current Treasure Island households who were formerly homeless and who will be displaced by the Treasure Island/Yerba Buena Development Project. The 250 replacement units must be developed before any new affordable units are developed.

Existing Residents of Market Rate Housing

Households residing in market rate housing on Treasure Island at the time the DDA was executed are entitled to transition benefits in the form of: (a) a Transition Unit in one of the affordable housing projects (regardless of income) and moving services; (b) a lump sum payment; or (c) down payment assistance. As of February 2022, TIDA estimated that 164 households were eligible for a Transition Unit. Transition Units are not income restricted at initial occupancy but become income restricted after all eligible households have received transition benefits. Transition Unit rents are based on tenants' current rents and annually adjusted according to allowable rent increases by the Rent Board. Once all legacy households have exercised their transition benefits and to not live in the Transition Units, rent will be based on 30 percent of income.

In addition, households residing in market rate housing who moved to Treasure Island after the DDA was executed (and before December 2019) receive preference for affordable housing lottery units if they qualify based on income.

Affordable Housing Projects

The DDA allows the master developer and TIDA to select development partners for the Treasure Island/Yerba Buena Island Development Project. In 2018, four nonprofits[1], who are all members of One Treasure Island,[2] were authorized to develop affordable housing projects, including selecting development partners.[3] Swords to Plowshares was the first project selected to proceed and it selected Chinatown Community Development Center as its development partner for the Maceo May Apartments project.[4] Catholic Charities was the second project selected to proceed, and it selected Mercy Housing California, a One Treasure Island member, as its development partner for the proposed 78 Johnson Street project. The third and fourth affordable housing projects will replace the remaining units for formerly homeless Treasure Island residents (HealthRight 360 and HomeRise units).

The 78 Johnson Street Project

The proposed project will be a seven-story building, with 138 units, including 23 one-bedroom units, 60 two-bedroom units, 40 three-bedroom units, 14 four-bedroom units, and one manager's unit. Of these units, 71 will serve as replacement housing for Catholic Charities' 71 existing households on the island and 23 will serve as replacement housing (Transition Units) for existing Treasure Island residents. In addition to the replacement housing, the project will add 43 new affordable lottery units.

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[1] The four non-profit supportive housing operators selected by the master developer were Swords to Plowshares, HomeRise (formerly Community Housing Partnership), Catholic Charities, and HealthRight360.

[2] One Treasure Island (One TI) (formerly known as the Treasure Island Homeless Development Initiative or TIHDI), is a California nonprofit public benefit corporation that was formed in June 1994 for the purpose of utilizing the structural and economic development resources of the former NSTI to create a vibrant, inclusive community that provides pathways for economic advancement for lower-income and formerly homeless San Franciscans. One Treasure Island is a membership organization committed to fostering an equitable, inclusive, and thriving community for all Treasure Island residents, employees, businesses, and visitors emphasizing inclusion by lower-income households and those who have experienced homelessness.

[3] TIDA and TIHDI (now One Treasure Island, or One TI) entered into a Base Closure Homeless Assistance Agreement, commonly referred to as the TIHDI Agreement. The Agreement grants TIHDI Member Organizations the right to develop 435 new units on Treasure Island and promises to provide them with developable lots for that purpose. An exhibit to the TIHDI Agreement was TIHDI Transition Housing Plan which provides for the programs and residents of the One TI member organization operated existing housing that will be transitioned to the new buildings on TIDA ground-leased lots.

[4] Swords to Plowshares, a veterans' support organization, formed a limited partnership with Chinatown Community Development Center – Maceo May Apts. L.P to develop the project. In January 2020, the Board of Supervisors approved a loan agreement between MOHCD and Maceo May Apts, L.P., to provide permanent gap financing for the project (File 19-1300). The Maceo May Apartments project includes 104 affordable housing units, including 39 replacement units for veteran households on the island and 65 new units for formerly homeless veterans.

The project's area median incomes (AMI) range from 60 percent Mayor's Office of Housing and Community Development (MOHCD) defined AMI up to 85 percent MOHCD AMI for the new affordable lottery units. The Transition Units will not initially be income restricted. The property will be managed by Mercy Housing Management Group, an affiliate of Mercy Housing California. Building amenities will include a community room, teen room, offices for staff providing property management and resident services, and 25 parking spaces. Construction is planned to begin in May 2022 and be completed by March 2024.

Acquisition of Land and Ground Lease

TIDA acquired the property from the United States Navy for the purpose of residential and commercial development. According to Cindy Heavens, Senior Project Manager at MOHCD, a ground lease between TIDA and Mercy Housing California 82, L.P. will be submitted to the Executive Director of TIDA for approval. According to Senior Project Manager Heavens, the ground lease terms will be consistent with the Option to Lease Agreement previously executed by TIDA's Executive Director, and with the MOHCD ground leases for affordable housing, including a term of up to 99 years, annual rent consisting of $15,000 base rent, and residual rent in the event that the project generates net revenues. According to MOHCD, the 78 Johnson Street Project is not expected to generate sufficient net revenues to make residual rent payments under the proposed Ground Lease.

California Housing Accelerator Fund

In 2021, the City applied for tax-exempt bond financing from the California Treasurer's California Debt Limit Allocation Committee (CDLAC) for the 78 Johnson Street project. However, none of the 11 affordable housing applications submitted by the City to CDLAC in 2021, including the proposed project, were approved due to changes to CDLAC regulations that made San Francisco projects less competitive due to high construction costs.

In October 2021, the California Department of Housing and Community Development (HCD) announced the availability of $1.6 billion in California Housing Accelerator funding for Tier I projects, defined as shovel-ready projects that received one or more awards from other HCD programs but were stalled due to their inability to access tax-exempt bond allocations or low-income housing tax credits. The 78 Johnson Street project was designated as a Tier I project under the program criteria and was awarded accelerator funds in an amount up to $55.6 million in February 2022. According to the MOHCD loan evaluation for the proposed $33.4 million gap loan, construction closing must occur by the first week of May 2022 to hold general contractor pricing.

DETAILS OF PROPOSED LEGISLATION

File 22-0347

The proposed resolution would: (1) approve loan agreement between MOHCD and Mercy Housing California 82, L.P., a California limited partnership formed by parent entity Mercy Housing California, in an amount not to exceed $33,452,317 for a minimum term of 57 years to finance the construction of the 78 Johnson Street Project, a 100 percent affordable, 138-unit multifamily rental housing development (including 1 staff unit) for low and moderate income

families, and (2) confirm that the loan agreement is consistent with the City's General Plan and policy priorities of Planning Code Section 101.1.

File 22-0346

The proposed resolution would authorize TIDA to execute a Standard Agreement and other related documents with HCD under the California Housing Accelerator Program. The Standard Agreement includes an award not to exceed $55.6 million as a loan to Mercy Housing California 82, L.P. for construction of the 78 Johnson Street Project.

Loan Agreement and Amendments (File 22-0347)

The original loan agreement provided by MOHCD in 2019 was for $2 million for predevelopment costs. In June 2021, MOHCD amended the agreement to increase the predevelopment loan by $2.5 million to $4.5 million. MOHCD proposes to amend the loan agreement a second time to increase the loan amount by $28,952,317 to complete development and construction, including permanent financing. Under the proposed amended loan agreement, the total loan amount to Mercy Housing California 82, L.P. would increase to $33,452,317

Mercy Housing California 82, L.P. must repay the loan by the later of: (a) the 57th anniversary date of the deed of trust or (b) the 55th anniversary of the date on which construction financing is converted into permanent financing. Interest will accrue on the principal balance outstanding from time to time at the rate of 3 percent per annum.

Bridge Loans

The loan amount includes two bridge loans: (a) an Affordable Housing Program (AHP) bridge loan of up to $1,250,000; and (b) a TIDA Infrastructure and Revitalization Financing District (IRFD) loan of up to $5.0 million. The AHP bridge loan will be repaid if the project sponsor is awarded a loan from a Federal Home Loan Bank. The IRFD bridge loan will be repaid when IRFD bond proceeds are available. IRFD bond proceeds will replace a portion of the 2019 General Obligation Bond funds when they are available, and the Loan Agreement will be amended.

Affordability Restrictions

The proposed loan agreement includes a Declaration of Restrictions that controls the affordability of the units in the proposed development for the life of the project. Income restrictions vary depending on the unit size and the tenant type (i.e., existing formerly homeless Treasure Island tenant, existing Treasure Island tenant residing in market rate housing, and tenant in new affordable unit), as follows:

- The 71 units for formerly homeless Treasure Island residents must be occupied by tenants whose income does not exceed 40 percent MOHCD Area Median Income (AMI).
- The 23 Transition Units for existing Treasure Island residents living in market rate housing at the time the DDA was executed are not initially income restricted. After all eligible households have exercised their transition benefits, the maximum income level restriction ranges from 130 percent MOHCD AMI for a one-bedroom unit up to 145 percent MOHCD AMI for a four-bedroom unit.

- The remaining 43 new affordable lottery units have maximum income level restrictions as low as 60 percent MOHCD AMI for one-bedroom units up to 85 percent MOHCD AMI for four-bedroom units.

Standard Agreement (File 22-0346)

As noted above, the project was awarded California Housing Accelerator funds in an amount up to $55.6 million in February 2022. The award requires that the City (on behalf of TIDA) and Mercy Housing enter into a Standard Agreement, which establishes HCD requirements and terms for the accelerator loan, such as eligible uses, HCD deadlines, performance milestones, and reporting requirements according to the HCD Standard Agreement Template. According to the award letter, HCD intends to issue a Standard Agreement within 90 days of receipt of any outstanding documentation required to execute the loan. The award letter also states that construction must begin within 180 days of the award letter. As noted above, construction is planned to begin in May 2022.

According to the Standard Agreement Template, the California Housing Accelerator loan to Mercy Housing California 82, L.P. would be a forgivable loan with a zero percent interest rate for 20 years. There are no residual receipts or periodic payment requirements during the term of the loan.

FISCAL IMPACT

Affordable Housing Development at Parcel C3.1

The total development cost for the 138 units of housing is $117,273,831, as shown in Exhibit 1 below. Of the approximate $117.3 million, $33.5 million (28.5%) are City funds, $69.4 million (59.1%) are State funds, and $14.5 million (12.3%) are private funds.

Exhibit 1: Total Development Sources and Uses of Funds

	City	State	Private	Total
Sources				
MOHCD Loans	$33,452,317			$33,452,317
Affordable Housing & Sustainable Communities (AHSC)		13,753,000		13,753,000
HCD Accelerator Loan		55,601,514		55,601,514
Permanent Loan			14,467,000	14,467,000
Total Sources	**$33,452,317**	**$69,354,514**	**$14,467,000**	**$117,273,831**
Uses				
Acquisition	25,000			25,000
Hard Costs (incl. 6.2% contingency)	22,159,467	68,146,162	7,989,938	98,295,567
Soft Costs (incl. 5.0% contingency)	9,067,850	64,500	6,477,062	15,609,412
Reserves		1,143,852		1,143,852
Developer Fees	2,200,000			2,200,000
Total Uses	**$33,452,317**	**$69,354,514**	**$14,467,000**	**$117,273,831**

Source: MOHCD

Funding Sources

MOHCD previously entered into a loan agreement with Mercy Housing California 82, L.P. for $4,500,000 to pay for initial planning and development costs; MOHCD proposes to amend the existing agreement, increasing the loan amount by $28,952,317 to complete development and construction activities, including permanent financing related to the Project, for a total City loan amount of $33,452,317. Sources of funds for the proposed amended and restated loan of $33,452,317 include:

- $26,952,317 in 2019 General Obligation Bond Funds;[5]
- $3,500,000 in Affordable Housing Fund Inclusionary fees, paid by developers of market rate housing.
- $2,036,820 in Excess Education Revenue Augmentation Funds, appropriated under the Affordable Housing Production and Preservation Fund; and
- $1,000,000 in CPMC Fund funds, provided by Sutter West Bay Hospital per the terms of a development agreement[6] with the City and appropriated under the Citywide Affordable Housing Fund.

[5] In November 2019, San Francisco voters approved Proposition A, which provided for the issuance of up to $600 million in general obligation funds to finance the acquisition, rehabilitation, and construction of affordable housing.

[6] The Board of Supervisors approved the development agreement between the City and Sutter West Bay Hospitals in July 2013 (File 12-0366).

State funding for the project includes $13,753,000 in State Affordable Housing and Sustainable Communities (AHSC) Program loans and $55,601,514 in California Housing Accelerator Fund loans to Mercy Housing California 82, L.P.

In addition to City and State funding, Mercy Housing California 82, L.P. has secured a permanent loan from Citibank, N.A. for $14,467,000.

The City's Subsidy per Housing Unit

The total per housing unit City subsidy is $242,408, as shown in Exhibit 2 below. This subsidy amount includes the 138 housing units. The total development cost for the 138 units is $117,273,831, or $849,810 per unit.

Exhibit 2: City Subsidy for Affordable Housing Units

Number of Units	138
Total residential area (sq. ft.)	136,560
Total City subsidy	$33,452,317
City Subsidy per unit	$242,408
City Subsidy per sq. ft.	$245

Source: MOHCD

According to a cost comparison of new affordable multifamily housing projects in the MOHCD loan evaluation of the proposed gap loan, the total development cost per unit and the City subsidy per unit are within 10 percent of the per unit amounts for comparable projects. Projects included in the comparison are similar projects in size, unit count, target population, construction type and overall development costs. The total development cost per unit for comparable projects is $810,323, and the City subsidy per unit for comparable projects is $221,953.

Operating Revenues and Expenses

According to the 20-year cash flow analysis for the 78 Johnson Street project, the project will have sufficient revenues to cover operating expenses, operating reserves, permanent loan payments, management fees, and partial principal payments on the MOHCD and HCD AHSC loans. Project revenues consist of tenant rents and Continuum of Care funding, administered through the Department of Homelessness and Supportive Housing (HSH), for 71 units or 51 percent of the total units. The project is not expected to generate sufficient net revenues to make residual rent payments under the Ground Lease according to the cash flow analysis.

According to Senior Project Manager Heavens, there is currently no local operating subsidy from the City's Local Operating Subsidy Program (LOSP). However, MOHCD intends to replace the Continuum of Care rental subsidy with LOSP for the 71 units if the Continuum of Care subsidy, which is awarded in three-year grants, is not renewed.

Citibank agreed to provide a permanent loan based on tenant rents and the Continuum of Care rental subsidy and will require a Memorandum of Understanding between Mercy Housing California 82, L.P., HSH, and MOHCD regarding the replacement of the Continuum of Care rental subsidy with LOSP if the Continuum of Care grant is not renewed. According to Senior Project

Manager Heavens, MOHCD expects LOSP funding to be available to the project if the Continuum of Care grant is lost. However, in the event that LOSP funding is not available, the City would need to provide additional gap financing.

California Housing Accelerator Loan

The HCD loan to Mercy Housing California 82, L.P. of up to $55,601,514 is funded with federal American Rescue Plan Act of 2021 monies. The proposed resolution states that the award not to exceed amount is $60.0 million. We recommend that the Board of Supervisors amend the resolution to correctly state the award amount.

RECOMMENDATIONS

1. Amend File 22-0346 to correctly state that the Standard Agreement award not to exceed amount is $55,601,514.
2. Approve Files 22-0347 and 22-0346 as amended.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
ADMINISTRATION AND MANAGEMENT DIVISION
Business and Contract Services Branch
2020 W. El Camino Avenue, Suite 130, 95833
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-6928 / FAX (916) 263-6917
www.hcd.ca.gov

«AR_Name», «AR_Job_Title»
«Primary_Applicant»
«AR_Street»
«AR_City», CA «AR_Zip»

Contractor Sponsor, AR Job Title
«CoApplicant»
«CoApp_Street»
«CoApp_City», CA «CoApp_Zip»

Dear «AR_Name»:

RE: «Primary_Applicant» and «CoApplicant»
Contract No. «21-ACC-XXXXX»

Congratulations on your California Housing Accelerator (Accelerator) Tier 1 award. Attached is an electronic copy of the Standard Agreement with Exhibits A through E:

A. **Standard Agreement Contents (STD 213 and Exhibits A through E)**

STD 213 – Cover page

Exhibit A – Authority, Purpose and Scope of Work

Exhibit B – Budget Detail and Payment Provisions

Exhibit C* – State of California General Terms and Conditions - GTC 04/2017

**Exhibit C is now incorporated by reference; please see the STD 213 for additional information.*

Exhibit D – Accelerator Program Terms and Conditions

Exhibit E – Project-Specific Provisions and Special Conditions

B. **For expeditious handling of the contract, the Department offers two options for returning signed STD 213; please review and complete one of the following options:**

1. Review the entire Agreement thoroughly and, if necessary, discuss the requirements with your legal and financial advisors.

2. The person or persons authorized by the Resolution(s), must provide an **original signature, printed name, title and date,** on the lower left-hand section entitled "Contractor" on the STD 213 and/or on page 2 of the STD 213, if applicable.

3. **Option One:** For electronic signature processing, reply to this Standard Agreement email notification with the attached, fully signed STD 213 page(s). All signatures must be original. All signers must be included in the reply email and confirm acceptance of e-signing the Agreement.

4. **Option Two:** Print one copy of the Standard Agreement, STD 213. Do not send photocopies of the signed STD 213 page(s). The copy must be an original, do not return the Exhibits to HCD.

5. **Note:** If the resolution did not authorize a designated official to sign the STD 213 and amendments thereto, your governing body must adopt a resolution authorizing a designated official(s) to sign the STD 213 and any subsequent amendments. If the authorized designee as reflected in the resolution, the awarded NOFA amount or your entity status has changed, you are required to provide, to the Department, a new resolution consistent with the terms of the NOFA award and adopted by your Board.

6. Return the e-signed copy or the signed copy of the STD 213; and, if applicable, the certified resolution within 30 days from the date of this letter to the following address:

   Department of Housing and Community Development
   Business & Contract Services Branch
   Contracts Office, Attention: {NAME}
   2020 W. El Camino Avenue, Suite 130
   Sacramento, CA 95833

7. Maintain a complete electronic version of the STD 213 and Exhibits for your pending file. **Note: The Standard Agreement contract is not effective until it is signed by the Awardee's designated official and the Department**.

The Department reserves the right to cancel any pending Standard Agreement in its entirety if not returned within the required 30-day period.

Please contact Doniell Cummings, Accelerator Program Manager, Program Design and Implementation Branch, at (916) 695-9006 or Doniell.Cummings@hcd.ca.gov, if you have any questions regarding the Standard Agreement or the provisions therein.

Sincerely,

{NAME)
Contracts Analyst

cc: Doniell Cummings, Accelerator Program Manager, Program Design and Implementation Branch

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

SCO ID:

AGREEMENT NUMBER	PURCHASING AUTHORITY NUMBER (if applicable)

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

CONTRACTOR'S NAME

Orange County Health Care Agency

2. The term of this Agreement is:

START DATE

Upon HCD Approval

THROUGH END DATE

11/30/2026

3. The maximum amount of this Agreement is:

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

EXHIBITS	TITLE	PAGES
Exhibit A	Authority, Purpose and Scope of Work	3
Exhibit B	Budget Detail and Payment Provisions	2
Exhibit C*	State of California General Terms and Conditions	GTC - 04/2017
Exhibit D	CALIFORNIA HOUSING ACCELERATOR GENERAL TERMS AND CONDITIONS	13
Exhibit E	PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS	3
	TOTAL NUMBER OF PAGES ATTACHED	21

Items shown with an asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
These documents can be viewed at https://www.dgs.ca.gov/OLS/Resources

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership,etc.)

CONTRACTOR BUSINESS ADDRESS	CITY	STATE	ZIP
	Santa Ana	CA	92705

PRINTED NAME OF PERSON SIGNING	TITLE

CONTRACTOR AUTHORIZED SIGNATURE	DATE SIGNED

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS	CITY	STATE	ZIP
2020 W. El Camino Ave., Suite 130	Sacramento	CA	95833

PRINTED NAME OF PERSON SIGNING	TITLE
	Contracts Manager, Business & Contract Services Branch

CONTRACTING AGENCY AUTHORIZED SIGNATURE	DATE SIGNED

California Department of General Services Approval (or exemption, if applicable)

Exempt per; SCM Vol. 1 4.04.A.3 (DGS memo dated 06/12/1981)

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

California Assembly Bill No. 140 (Chapter 111, Statutes of 2021) ("**AB 140**") created the statutory basis for the California Housing Accelerator by adding Chapter 6.6 (commencing with Section 50672) to Part 2 of Division 31 of the Health and Safety Code. Health and Safety Code section 50672.3 authorizes the Department of Housing and Community Development ("**Department**" or "**HCD**") to adopt guidelines to administer this new chapter.

The Department issued a California Housing Accelerator Tier 1 Project Solicitation and Guidelines on September 16, 2021, which was subsequently amended on October 5, 2021 (collectively, "**Project Solicitation**"). This Project Solicitation serves as the Department's guidelines for administration of the California Housing Accelerator.

California Housing Accelerator funds are derived from the federal Coronavirus State Fiscal Recovery Fund ("**CSFRF**"), which was established by the American Rescue Plan Act of 2021 ("**ARPA**") (Pub.L. No. 117-2). Through the 2021-22 California state budget, the funds have been allocated to the California Housing Accelerator.

This STD 213, Standard Agreement ("**Agreement**") is entered under the authority and in furtherance of the California Housing Accelerator. This Agreement is the result of an application by the Sponsor(s) for California Housing Accelerator funding (the "**Application**"). As such, this Agreement shall be executed by all Sponsors. Where the Sponsor comprises more than one entity, all Co-Sponsor entities shall execute and be bound by the Agreement.

This Agreement hereby incorporates by reference the Application in its entirety, as well as the project report prepared by the Department in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following legal authorities and materials, as amended and in effect from time to time (collectively, the "**California Housing Accelerator Requirements**"), and each of them is incorporated hereto as if set forth in full herein:

A. Chapter 6.6 (commencing with Section 50672) of Part 2 of Division 31 of the Health and Safety Code:

B. Health and Safety Code section 50406;

C. The Project Solicitation;

D. ARPA and related federal guidance;

E. The award letter issued by the Department to the Sponsor(s); and

F. All other applicable law.

2. Purpose

The California Housing Accelerator is intended to expedite the construction and production of Qualified Rental Housing Developments, as defined below, that are unable to proceed due to inability to obtain tax credit and bond allocations.

The Department will provide California Housing Accelerator assistance in the form of a forgivable loan (the "**Loan**").

Sponsor(s) applied to the Department for the Loan, which will be expended on Eligible Uses, as defined in Paragraph 3 and as outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of the Loan, the Sponsor(s) agrees to comply with the California Housing Accelerator Requirements and the terms and conditions of this Agreement.

3. Definitions

Any capitalized terms that are not defined below have the definitions set forth in the California Housing Accelerator Requirements. In the event of any conflict, the definitions in this Agreement and the Project Solicitation are controlling.

A. **"Application Fee"** means the refundable fee of $40,000.00, which the Department charged per California Housing Accelerator application. This fee will be fully refunded if the Sponsor meets the Commencement of Construction Deadline, or if the Project obtains a tax credit allocation prior to the Commencement of Construction Deadline and the California Housing Accelerator funds are disencumbered.

B. **"Assisted Unit"** means a Department-funded residential dwelling unit that is subject to rent, income, occupancy, and other restrictions in accordance with California Housing Accelerator Requirements.

C. **"Borrower"** means the entity that incurs the obligation for the Loan that is subject to California Housing Accelerator Requirements.

D. **"California Housing Accelerator Requirements"** means the legal authority and California Housing Accelerator materials listed at Paragraph 1 (A – F), above.

E. **"CDLAC"** means the California Debt Limit Allocation Committee.

F. **"Commencement of Construction Deadline"** means the date, no later than 180 days from the date of the award, by which construction shall have commenced on the Project, or that extended date, up to 90 days beyond the 180-day period, which was approved by the Department in its sole and absolute discretion and on the basis of conditions beyond the control of the Sponsor. This date is identified with specificity at Exhibit E of this Agreement. For purposes of this definition, "commencement of construction" means the first land-disturbing activity associated with a project, including land preparation such as clearing, grading, and filling, or the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building.

G. **"Eligible Uses"** means the expenses that are categorized as reasonable project costs by the federal low-income housing tax credit program (e.g., reasonable reserves), as well as the construction loans that funded such expenses, and any other expenses allowed by the Department in its sole and absolute discretion.

H. **"Existing HCD Commitment"** means the commitment of Department funds to the Qualified Rental Housing Development that predated the Application for California Housing Accelerator funds, as well as the Department loan program making that commitment.

I. **"Homeless Household"** means a household that meets one of the (1) – (4) criteria set forth at California Code of Regulations, title 4, section 10315, subdivision (b), unless the Existing HCD Commitment is based on a different definition of this or a similar term, in which case the definition associated with the Existing HCD Commitment shall apply.

J. **"Local Public Entity"** is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term "**Local Public Entity**" also includes two or more local public entities acting jointly.

K. **"Performance Milestones"** means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Sponsor's failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Loan funds and the cancellation of this Agreement.

L. **"Permanent Loan Conversion"** means the Project has leased up to a minimum of 90 percent occupancy for at least 30 days in accordance with the applicable Department funding requirements; the units have been leased to the appropriate or designated populations identified at Exhibit E, and they have met the terms and conditions of all Department funding awarded to the Project; and all construction period financing has been paid off or converted to permanent financing.

M. **"Permanent Loan Conversion Deadline"** means the date of November 30, 2026. This date is the disbursement and expenditure deadline for all California Housing Accelerator funds.

N. **"Project"** or **"Rental Housing Development"** means the following: (i) a "qualified low-income housing project," as defined in Section 42(g) of the Internal Revenue Code (26 U.S.C. § 42(g)); or (ii) a Qualifying Infill Project, as defined under the Infill Incentive Grant Program of 2007 or the Infill Infrastructure Grant Program of 2019, that meets the requirements of those programs. A "**Project**" or "**Rental Housing Development**" must also be a "**Qualified Rental Housing Development**."

O. **"Qualified Rental Housing Development"** is defined in accordance with Health and Safety Code section 50672.1, subdivision (e), and means a rental housing development that received an award letter from any multifamily housing program administered by the Department.

P. **"Scope of Work"** or **"Work"** means the work to be performed by the Sponsor to accomplish the California Housing Accelerator purpose.

Q. **"Sponsor"** is defined in accordance with Health and Safety Code sections 50675.2 and 50669. When the Sponsor comprises two or more entities, the entities may be referred to, both individually and collectively, as the "Sponsor." Each such entity may also be referred to individually as a **"Co-Sponsor."** The Sponsor structure shall include any Local Public Entity that is a Co-Sponsor of the Existing HCD Commitment; such Local Public Entity shall execute the Standard Agreement as a duly authorized Co-Sponsor prior to construction loan closing. The Sponsor entities shall be bound by the California Housing Accelerator Standard Agreement, and by each and every one of the California Housing Accelerator terms, conditions, and restrictions. On the STD 213 portion of this Agreement, the Sponsor is identified as the Contractor.

R. **"TCAC"** means the California Tax Credit Allocation Committee.

S. **"UMR"** means the Uniform Multifamily Regulations (Cal. Code Regs., tit. 25, § 8300 et seq.), effective November 15, 2017, and as subsequently amended.

4. Eligible Uses

Sponsor shall apply the Loan to Eligible Uses, as defined in Paragraph 3 of this Agreement. The Department reserves the right to disallow expenditures that do not constitute Eligible Uses, as determined by the Department in its sole and absolute discretion. The Department reserves the right, consistent with applicable law, to require prior written approval of all reserve withdrawals, regardless of whether the reserve was required by the Department.

Sponsor's use of the funds and Scope of Work are specified at Exhibit E of this Agreement.

5. California Housing Accelerator Deadlines

A. The Project must commence construction no later than the Commencement of Construction Deadline**,** as specified at Exhibit E of this Agreement. The Department may, in its sole and absolute discretion, extend the Commencement of Construction Deadline due to conditions beyond the control of the Sponsor, for a period not to exceed 90 days.

Failure to meet the Commencement of Construction Deadline, or any Department-approved extension, will result in the forfeiture of the Application Fee and the California Housing Accelerator award. Such failure will also cause the Department to assess negative points when scoring any future application by the Sponsor for Department funding, unless the Sponsor secures a CDLAC/TCAC allocation, and the California Housing Accelerator funds are disencumbered by the Commencement of Construction Deadline.

B. Within seven (7) months of the award, the Sponsor shall submit documentary evidence to the Department that construction commenced by the Commencement of Construction Deadline. Sponsor shall make this showing as specified by Paragraph 7 of Exhibit A of this Agreement.

C. The Loan proceeds shall be disbursed through escrow and expended on Eligible Uses no later than **November 30, 2026**.

6. Performance Milestones

Sponsor shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each a "**Milestone Completion Date**"). The Performance Milestones shall include, but not be limited to, the Commencement of Construction Deadline, any deadlines for the submission of necessary documentary evidence, and any reporting deadlines.

Sponsor may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's reasonable discretion. In no event will the Department approve an extension request in the absence of Sponsor's demonstration of good cause for said extension, along with Sponsor's reasonable assurances that the extension will not result in Sponsor's failure to meet other Performance Milestones under this Agreement. In no event will the Department approve an extension of the Construction Commencement Deadline beyond the statutorily authorized 90 days.

7. Reporting Requirements

A. Sponsor shall comply with all reporting requirements set forth at Section II.E.10 of the Project Solicitation or in this Agreement, all in accordance with any Milestone Completion Date(s) set forth at Exhibit E of this Agreement.

B. After satisfaction of each Performance Milestone, the Sponsor shall promptly report its progress, in writing, to the Department.

C. Within seven (7) months of the award, the Sponsor shall submit documentary evidence to the Department that construction commenced by the Commencement of Construction Deadline. If the Department extends the Commencement of Construction Deadline, as authorized, the Sponsor's deadline for submitting the foregoing documentary evidence shall be extended in the same increment as the extension of the Commencement of Construction Deadline. Qualifying forms of documentary evidence include the following:

i. Recordation of a notice of commencement;

ii. Date- and time-stamped photographs;

iii. Physical inspection report; or

iv. Other documentation subject to the approval of the Department.

Failure to submit qualifying documentary evidence within the specified timeframes may result in forfeiture of the Application Fee, forfeiture of the award, and/or an assessment of negative points relative to any future application for Department funding.

8. Department Contract Coordinator

The Department's Contract Coordinator for this Agreement is the Program Manager for the California Housing Accelerator. Unless otherwise informed, Sponsor shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address:

California Department of Housing and Community Development
California Housing Accelerator Program Manager
Division of State Financial Assistance – PDI Branch
P. O. Box 952054
Sacramento, CA 94252-2054

9. Sponsor Contract Coordinator

Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Sponsor Contract Coordinator at the address specified at Exhibit E of this Agreement.

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Terms of Loan

Sponsor has been awarded a forgivable Loan in the amount set forth in this Agreement. The Loan will have an interest rate of 0 percent for 20 years. The 20-year term will commence on the date of recordation of the California Housing Accelerator Loan documents. There will be no residual receipts or periodic payment requirements during the life of the Loan.

The Loan will be forgiven by the Department at the end of the 20-year loan term if all of the following are true at that time, as determined by the Department in its sole and absolute discretion:

A. Sponsor remains in good standing with the California Secretary of State;

B. The Project is not in default under the terms of any of the Department's loan documents for that Project; and

C. Negative points have not been assessed against the Sponsor during the previous five (5) years in connection with any Department-assisted project.

The Loan shall be subject to repayment if, during the 20-year term, the Project is (i) converted to market-rate housing; or (ii) sold or refinanced with a distribution of net equity. The amount of any funds expended by the Department for the purposes of curing or averting a default will be added to the Loan amount secured by the Project payable to the Department upon demand.

2. Payment

At the time of the Project's permanent financing closing, all California Housing Accelerator Loan proceeds must be disbursed through an independent escrow/title company licensed to do business in the State of California. The Department shall prepare and submit escrow instructions to the escrow holder. The Department's escrow instructions will further detail the requirements for, and conditions to, the release of Loan proceeds to the Sponsor.

The Loan proceeds will be released through escrow upon the Sponsor's, or its assignee's, submittal of the STD 204, Payee Data Record, and the HCD 846, Request for Funds, and, in all events, upon the Sponsor's satisfaction of the terms and conditions of this Agreement and all applicable California Housing Accelerator Requirements. The

EXHIBIT D

CALIFORNIA HOUSING ACCELERATOR GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

A. This Agreement, when fully executed by the Department and the Sponsor, is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "**Effective Date**").

B. This Agreement will terminate five (5) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "**Expiration Date**").

C. The Department will make best efforts to do the following as of the construction loan closing date: (a) review all transaction documents that are made available to the Department in advance of closing; and (b) opine as to the legal sufficiency of those documents for purposes of the California Housing Accelerator Loan and the Existing HCD Commitment(s). For purposes of this subparagraph, "transaction documents" includes, but is not limited to, construction and permanent loan documents; environmental reports; preliminary reports from title companies; surveys; appraisals; authorization and organizational documents; property management agreements; applicable leases; and relocation plans or certifications.

D. The Sponsor shall close the construction financing approved by the Department and commence construction of the Project in accordance with the Performance Milestones approved by the Department. Upon the Department's request, the Sponsor shall promptly provide evidence of recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits, and the notice to proceed delivered to the contractor. Evidence of a grading permit is not sufficient for purposes of this subparagraph.

E. The Loan proceeds shall be disbursed through escrow and expended on Eligible Uses no later than **November 30, 2026**. If Sponsor fails to meet this Permanent Loan Conversion Deadline, the Department will terminate this Agreement and exercise its remedies in accordance with Paragraph 3 of Exhibit D, unless an alternate arrangement is legally permissible and has been approved by the Department in advance and in writing.

2. Existing HCD Commitment - General Terms and Conditions of Standard Agreement

This Agreement incorporates by reference the Department's General Terms and Conditions set forth in each Existing HCD Commitment's STD 213, Standard Agreement (the "**Existing HCD General Terms and Conditions**"). (The Existing HCD General Terms and Conditions may, but need not, be set forth at Exhibit D of each Existing HCD Commitment's STD 213, Standard Agreement.) Each Existing HCD Commitment is identified at Paragraph 1 of Section A of Exhibit E of this Agreement.

In the event of any conflict between the Existing HCD General Terms and Conditions, this Agreement and the California Housing Accelerator Requirements, the California Housing Accelerator Requirements shall control. In no event shall the Existing HCD General Terms and Conditions be interpreted to frustrate, limit, or impair the Department's objectives, rights, and remedies in connection with the California Housing Accelerator.

3. Termination for Cause

The Department may terminate this Agreement for cause at any time by giving at least fourteen (14) calendar days' advance written notice to the Sponsor. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity. Cause consists of Sponsor's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

A. Sponsor's failure to meet the Permanent Loan Conversion Deadline by **November 30, 2026**.

B. Sponsor's failure to timely satisfy each or any of the conditions set forth in these California Housing Accelerator General Conditions, the Project-Specific Provisions and Special Terms and Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.

C. Sponsor's violation of any of the California Housing Accelerator Requirements.

D. The Department's determination that:

1) Any material fact or representation, made or furnished to the Department by the Sponsor in connection with the Application or the award letter, is untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or

2) Sponsor has concealed any material fact from the Department related to the Application or the Project.

E. Filing of a petition by Sponsor, or any affiliate or general partner of Sponsor, for relief under the Bankruptcy Code; the filing of any pleading or answer by Sponsor, or any affiliate or general partner of Sponsor, in any involuntary proceeding under the Bankruptcy Code; a general assignment by Sponsor, or any affiliate or general partner of Sponsor, for the benefit of creditors; or the filing of an application for the appointment of a receiver, trustee, custodian or liquidator of Sponsor or any of its property, or of any affiliate or general partner of Sponsor or any of its property.

F. Failure of Sponsor, or of any affiliate or general partner of Sponsor, to effect a full dismissal of any involuntary petition under the Bankruptcy Code that is filed against Sponsor, or any affiliate or general partner of Sponsor, or that in any way restrains or limits Sponsor, any affiliate or general partner of Sponsor, or the Department regarding the Loan or the Project, prior to the earlier of the entry of any court order granting relief sought in such involuntary petition, or thirty (30) days after the date of filing of such involuntary petition.

G. Attachment, levy, execution, or other judicial seizure of any portion of the Project, or any substantial portion of the other assets of Sponsor, or of any affiliate or general partner of Sponsor, that is not released, expunged, bonded, discharged, or dismissed within thirty (30) days after the attachment, levy, execution, or seizure.

H. Pendency of any proceeding challenging the legal existence or authority of Sponsor, or of any affiliate or general partner of Sponsor, or the pendency of any proceeding challenging the legality of the Project.

I. The Department's determination that the objectives and the requirements of the California Housing Accelerator cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

In the event of this or any other breach, violation, or default by the Sponsor, the Department may give written notice to the Sponsor to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within 30 days or such other reasonable time as determined by the Department in its sole and absolute discretion and based on the totality of the circumstances, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

4. Cancellation

A. It is mutually understood between the parties that this Agreement may have been written for the mutual benefit of both parties before ascertaining the availability of congressional appropriation of funds to avoid program and fiscal delays that would occur if this Agreement were executed after that determination was made.

B. This Agreement is valid and enforceable only if sufficient funds are made available to the State of California by the United States Government for fiscal years 2021-2022 through 2025-2026 for CSFRF purposes. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or to any statute enacted by the Congress that may affect the provisions, terms, or funding of this Agreement in any manner.

C. The parties mutually agree that if the Congress does not appropriate sufficient funds for the CSFRF, this Agreement will be amended to reflect any subsequent reduction in CSFRF funds.

D. The Department may cancel this Agreement, in whole or in part, if (i) sufficient funds are not made available by the United States Government; (ii) Congress enacts any restrictions, limitations, or conditions that impact this Agreement or the funding of this Agreement; or (iii) cancellation is otherwise permitted under state contracting law.

E. To cancel this Agreement pursuant to this paragraph, the Department shall give thirty (30) calendar days' advance written notice to the Sponsor. The Sponsor shall return any unexpended portion of its Loan award to the Department within thirty (30) calendar days from the date on the Department's written notice of cancellation, unless (i) the parties have agreed upon an alternate arrangement in advance and in writing; or (ii) an alternate arrangement is necessary for one or both parties to remain in compliance with ARPA or other applicable law.

5. Sponsor Liability

Sponsor shall remain liable to the Department for performance under this Agreement and compliance with all California Housing Accelerator Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Sponsor shall remain jointly and severally liable to the Department for performance under this Agreement and compliance with all California Housing Accelerator Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work.

6. Disputes

In the event of any conflict between this Agreement and any documents internal to the Sponsor or Borrower (e.g., limited partnership agreement), this Agreement and the California Housing Accelerator Requirements will prevail, are applicable, and will be enforceable by the Department, notwithstanding, without limitation, any prior or preliminary review or approval of any such documents by the Department at the time of construction loan closing or otherwise.

7. Consent

The parties agree that wherever the consent or approval of the Department or the Sponsor is required under this Agreement, such consent or approval must not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion or other words of similar import.

8. Relocation Plan

Sponsor must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Sponsor must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons and entities do not suffer a disproportionate impact as a result of Projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law.

Before this Agreement will be executed, Sponsor must have either:

A. A Department-approved relocation plan; or

B. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Sponsor and approved by the Department.

Where the Sponsor's activities will or may result in displacement, the Sponsor's development budget must include enough funds to pay all costs of relocation benefits and assistance.

Any modifications to the foregoing process requirements are set forth at Exhibit E of this Agreement.

9. Article XXXIV

Article XXXIV, section 1 of the California Constitution ("**Article XXXIV**") is not applicable to development that consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys appropriated and disbursed pursuant to Chapter 6.6 (commencing with Section 50672) of Part 2 of Division 31 of the Health and Safety Code. (Health & Saf. Code, § 37001, subd. (h)(4).) As such, Article XXXIV is not applicable to California Housing Accelerator-funded Projects.

10. Updated Information

Sponsor shall provide the Department updated documentation for any change in the information previously provided relating to the California Housing Accelerator Loan, including updated sources and uses and income information. All changes shall be subject to Department approval. However, if the Project is changed in any way as to make it ineligible for California Housing Accelerator funding, then the California Housing Accelerator Loan commitment will be cancelled, and all California Housing Accelerator Loan funds awarded to the Sponsor shall be disencumbered.

11. Prevailing Wages

This Project is subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). The Sponsor is urged to seek professional legal advice about the law's requirements. Prior to closing the Loan, the Department will require a certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid (if such payment is required by law), and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by the general contractor(s) and the Sponsor.

12. Insurance

The Sponsor shall obtain, and maintain for the term of the Loan, hazard and liability insurance for the Project in accordance with the Department's requirements, including flood insurance, if applicable. The Department shall be named as a loss payee or an additional insured on all such policies. Such policies must also provide for notice to the Department in the event of any lapse of coverage and in the event of any claim thereunder. Prior to disbursement of the California Housing Accelerator Loan, the Sponsor shall provide evidence satisfactory to the Department of compliance with these insurance requirements.

13. California Housing Accelerator Loan Documents

The Sponsor shall enter into this Agreement with the Department, which shall govern the encumbrance of the California Housing Accelerator Loan funds.

In addition, California Housing Accelerator terms, conditions, and restrictions will be expressly incorporated into the loan documents of the Existing HCD Commitment.

The Department will append and incorporate a California Housing Accelerator exhibit into the Existing HCD Commitment's loan regulatory agreement to be recorded on the property. The exhibit will set forth the Project's California Housing Accelerator-specific requirements, terms, and conditions. The exhibit will impose, for a 55-year period, the same income, occupancy, and rent restrictions that were represented in the Sponsor's most recent unsuccessful application to TCAC/CDLAC, and it will require the same service amenities that were represented in that application. The Department may, however, expressly approve alternative California Housing Accelerator restrictions and required service amenities for the purpose of maintaining consistency with the Existing HCD Commitment. The regulations, guidelines, and other terms of the Existing HCD Commitment shall govern the integrated regulatory agreement.

California Housing Accelerator requirements, terms, and conditions will also be incorporated into the promissory note and deed of trust of the Existing HCD Commitment, as well as any other of the Existing HCD Commitment's loan documents, as necessary and appropriate. All such documents will be executed and recorded, as appropriate, at permanent financing close of escrow. For Projects secured by leasehold security, leases must meet the requirements of UMR section 8316, and both the Borrower and the fee owner of the property must execute the Department's form template lease rider without modification. The lease rider amends the lease and must be recorded on the fee estate.

14. Cross-Default

A default under any other Department loan(s) to the Project, will constitute a default under the California Housing Accelerator assistance. If such default continues beyond any applicable cure period, the Department will avail itself of any and all remedies.

15. Restrictions on Transfer and Change of Ownership

The Sponsor shall not, without the prior written approval of the Department:

A. sell, transfer, convey, encumber, hypothecate or pledge any of the Project or the Project property, or any portion or interest in either of them;

B. discharge or replace any general or managing partner if Sponsor is a partnership, or amend, modify or add to its partnership agreement except that the Sponsor may sell or transfer limited partnership interests without the Department's approval;

C. if Sponsor is a limited liability company: change the manager(s), amend, modify or add to its operating agreement or management structure;

D. wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation; or

E. change the organizational structure of the Sponsor.

16. Accessibility

The Project shall comply with all state and federal accessibility requirements, including, without limitation, the specific requirements set forth in the Project Solicitation.

17. Compliance with State and Federal Laws, Rules, Guidelines and Regulations

The Sponsor agrees to comply with all state and federal laws, rules and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity, and all other matters applicable to the Development, the Sponsor, its contractors or subcontractors, and any Loan activity.

18. Sponsor Representations

A. Sponsor represents and warrants that, as of the date of this Agreement, the Sponsor is a duly organized and validly existing entity under California law and the person signing this Agreement on behalf of Sponsor has the authority to act on behalf of and to bind the Sponsor in accordance with the terms of this Agreement.

B. Sponsor represents and warrants that, as of the date of the Loan closing, the Borrower may be a duly organized and validly existing limited partnership under California law, and that such limited partnership will have the authority to participate in the California Housing Accelerator subject to all California Housing Accelerator Requirements.

C. Sponsor further represents and warrants that, as of the date of the Loan closing, the person(s) executing the Loan documents will have full authority to act on behalf of and to bind the Sponsor in accordance with the terms of those documents.

19. Survival of Obligations

The obligations of the Sponsor as set forth in this Agreement shall survive the California Housing Accelerator Loan closing, and the Sponsor shall continue to cooperate with the Department and perform acts and provide documents as provided herein.

20. Litigation

If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent jurisdiction, such invalidity, at the sole and absolute discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable. The Sponsor shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

21. Obligations of Sponsor with Respect to Certain Third-Party Relationships

The Sponsor shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the Project with respect to which assistance is being provided under this Agreement. The Sponsor shall comply with all lawful requirements of the Department necessary to ensure the completion, occupancy and use of the Project in accordance with this Agreement.

22. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement or to require at any time performance by the Sponsor of these provisions shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

23. Retention, Inspection, and Audit of Records

Sponsor is responsible for maintaining records which fully disclose the activities funded by the Loan. Sponsor shall retain all records for a minimum period of five (5) years after final payment under this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegatees, shall have the right to review, obtain, and copy all records (electronic or otherwise) pertaining to performance under this Agreement. The U.S. Department of the Treasury and any authorized oversight body or representative, including, without limitation, the Treasury's Office of Inspector General, the Government Accountability Office, and the Pandemic Relief Accountability Committee, shall have the right of access to such records in order to conduct audits or other investigations. Sponsor shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Sponsor shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Sponsor shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Sponsor in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Sponsor, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Sponsor shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

24. Sponsor Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Sponsor acknowledges that the Pet Friendly Housing Act of 2017 (Health and Saf. Code, div. 31, pt. 2, ch. 2, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident's dwelling unit, subject to applicable state laws and local government ordinances related to public health, animal control, and animal anticruelty.

25. Compliance with Title VI of the Civil Rights Act of 1964

Sponsor and any of its contractors, subcontractors, successors, transferees, and assignees shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement. Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this Agreement.

26. Nondiscrimination

Statutes and regulations prohibiting discrimination are applicable to this Agreement and include, without limitation, the following:

A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) and the U.S. Department of the Treasury's implementing regulations at 31 CFR Part 22;

B. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.);

C. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);

D. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.);

E. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101 et seq.); and

F. The State of California nondiscrimination statutes, regulations, and standards set forth and identified in the Project Solicitation and at Exhibit C of this Agreement.

The Sponsor shall adopt a written nondiscrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression,

sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with California Housing Accelerator funds.

27. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

This Agreement is subject to the administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, which are set forth at 2 Code of Federal Regulations part 200.

28. Single Audit Requirements

Sponsor is responsible for complying, as necessary, with the Single Audit Act and its implementing regulation at 2 Code of Federal Regulations part 200, subpart F regarding audit requirements.

29. Developer Fee Limits

Total developer fee for a Project shall not exceed the lesser of **(a)** $2,200,000; or **(b)** the sum of 15 percent of the Project's unadjusted residential construction-related eligible basis, 5 percent of the Project's unadjusted acquisition eligible basis, and 15 percent of the eligible basis for the Project's nonresidential costs.

30. Restrictions on Continued Eligibility for Award

If the Sponsor has a pending application with CDLAC and/or TCAC relative to the Project, and that application is thereafter recommended to receive bonds and/or tax credits, the California Housing Accelerator funds must be returned to the Department. If, after receiving an award of California Housing Accelerator funds, the Sponsor withdraws the awarded Project's pending application from CDLAC and/or TCAC, the Sponsor will no longer be eligible for that California Housing Accelerator funding.

31. Future Tax Credit Applications and Syndicating Losses

The Sponsor is prohibited from applying for or receiving a tax credit allocation on the Project for a period of 20 years from the California Housing Accelerator Loan closing date for that Project.

Post-award, if the Sponsor syndicates and sells a portion of its ownership interest to a partner or equivalent party seeking tax losses associated with the Project, and such syndication was not represented and described in the Application, nine-tenths of the gross proceeds of that sale shall be remitted to the Department as recaptured California Housing Accelerator funds. The Department may grant an exception to this requirement where the Sponsor demonstrates that the syndication proceeds would either (a) pay for the lowest reasonable development cost increase that is consistent with the Project's original scope, as identified in the Application; or (b) capitalize a services reserve for a special needs Project. The Department's written approval is required in advance of the Sponsor's assignment, transfer, or conveyance of any ownership interest in the Project.

Department reserves the right to retain 10 percent of the approved Loan proceeds pending receipt and acceptance of the cost audit and any outstanding loan closing items.

3. Duplication of Benefit

Sponsor may not use California Housing Accelerator funding to cover expenditures that have already been funded through other permanent sources. Expenses that have been or will be reimbursed under any federal or state program are not Eligible Uses of California Housing Accelerator funding.

EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS

A. PROJECT-SPECIFIC PROVISIONS

Insert Unit Mix Here				
				Special Needs Units

1. Existing HCD Commitment(s). This Project is subject to one or more Existing HCD Commitments, as specified below:
    a. [Name of Program] [Standard Agreement Contract Number]
    b. [Name of Program] [Standard Agreement Contract Number]
    c.
2. Disbursement and Eligible Use(s). Pursuant to an award letter, dated _____, the Sponsor is receiving California Housing Accelerator Loan funds in the amount of $[_____.00]. Sponsor will apply these funds towards the following Eligible Use(s):
    a. [Example:]
    b. [Example]
3. Project Narrative. [Briefly describe the site, the asset, and the location. Identify any subpopulation (e.g., homeless youths) that will be served by the Project. Briefly describe any pertinent details of the acquisition, construction, or rehabilitation activity. Briefly describe any physical features, services, or amenities that are unique to this Project. Describe the income, occupancy, and rent restrictions that must and will be imposed on the Project through the use restriction.]
4. Scope of Work. Please include a clear, precise description of the work to be performed; the services to be provided; and all other goals, objectives, and deliverables to be fulfilled. * Please identify the construction activities, rehabilitation activities, and site modifications to be completed. * Please identify all services outlined in any Supportive Services plan.
5. Sponsor Contract Coordinator.

Authorized Representative Name:	
Authorized Representative Title:	

Entity Name:	
Address:	
Telephone No.:	
E-Mail Address:	

6. Additional Conditions Precedent to Disbursement.

7. Budget Detail.

8. Performance Milestones. [Add, customize, or delete rows to add milestones that make sense based on the facts of the transaction. Please delete this instruction before routing this Exhibit E for internal review.]

Performance Milestones	Milestone Completion Date
Commencement of Construction Deadline	[Identify the date which is 180 days from the date of award]
Submit documentary evidence to the Department that construction commenced by the Commencement of Construction Deadline	[Identify the date which is seven (7) months from the date of award]
Permanent Loan Conversion Deadline	November 30, 2026

9. Authorized Payee. The authorized payee(s) is/are as specified below:

Name of Payee	Amount

B. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:

1. .
2. .

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

SCO ID:

AGREEMENT NUMBER	PURCHASING AUTHORITY NUMBER (if applicable)

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

CONTRACTOR'S NAME

Orange County Health Care Agency

2. The term of this Agreement is:

START DATE

Upon HCD Approval

THROUGH END DATE

11/30/2026

3. The maximum amount of this Agreement is:

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

EXHIBITS	TITLE	PAGES
Exhibit A	Authority, Purpose and Scope of Work	3
Exhibit B	Budget Detail and Payment Provisions	2
Exhibit C*	State of California General Terms and Conditions	GTC - 04/2017
Exhibit D	CALIFORNIA HOUSING ACCELERATOR GENERAL TERMS AND CONDITIONS	13
Exhibit E	PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS	3
	TOTAL NUMBER OF PAGES ATTACHED	21

Items shown with an asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
These documents can be viewed at https://www.dgs.ca.gov/OLS/Resources

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership,etc.)

CONTRACTOR BUSINESS ADDRESS	CITY	STATE	ZIP
	Santa Ana	CA	92705

PRINTED NAME OF PERSON SIGNING	TITLE

CONTRACTOR AUTHORIZED SIGNATURE	DATE SIGNED

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS	CITY	STATE	ZIP
2020 W. El Camino Ave., Suite 130	Sacramento	CA	95833

PRINTED NAME OF PERSON SIGNING	TITLE
	Contracts Manager, Business & Contract Services Branch

CONTRACTING AGENCY AUTHORIZED SIGNATURE	DATE SIGNED

California Department of General Services Approval (or exemption, if applicable)

Exempt per; SCM Vol. 1 4.04.A.3 (DGS memo dated 06/12/1981)

CONTRACTOR

Mercy Housing California 82, L.P.
a California Limited Partnership

By: _____ Date: _____

Ramie Dare
Vice President

Address:

1360 Mission Street, Suite 300
San Francisco, CA 94103

Mercy Housing California
a California Nonprofit Public Benefit Corporation

By: _____ Date: _____

Ramie Dare
Vice President

Address:

1256 Market Street
San Francisco, CA 94102

Treasure Island Development Authority
a California Public Agency

By: _____ Date: _____

Robert P. Beck
Treasure Island Director

Address:

One Avenue of the Palms, Suite 241
San Francisco, CA 94130

Draft

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

California Assembly Bill No. 140 (Chapter 111, Statutes of 2021) ("**AB 140**") created the statutory basis for the California Housing Accelerator by adding Chapter 6.6 (commencing with Section 50672) to Part 2 of Division 31 of the Health and Safety Code. Health and Safety Code section 50672.3 authorizes the Department of Housing and Community Development ("**Department**" or "**HCD**") to adopt guidelines to administer this new chapter.

The Department issued a California Housing Accelerator Tier 1 Project Solicitation and Guidelines on September 16, 2021, which was subsequently amended on October 5, 2021 (collectively, "**Project Solicitation**"). This Project Solicitation serves as the Department's guidelines for administration of the California Housing Accelerator.

California Housing Accelerator funds are derived from the federal Coronavirus State Fiscal Recovery Fund ("**CSFRF**"), which was established by the American Rescue Plan Act of 2021 ("**ARPA**") (Pub.L. No. 117-2). Through the 2021-22 California state budget, the funds have been allocated to the California Housing Accelerator.

This STD 213, Standard Agreement ("**Agreement**") is entered under the authority and in furtherance of the California Housing Accelerator. This Agreement is the result of an application by the Sponsor(s) for California Housing Accelerator funding (the "**Application**"). As such, this Agreement shall be executed by all Sponsors. Where the Sponsor comprises more than one entity, all Co-Sponsor entities shall execute and be bound by the Agreement.

This Agreement hereby incorporates by reference the Application in its entirety, as well as the project report prepared by the Department in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following legal authorities and materials, as amended and in effect from time to time (collectively, the "**California Housing Accelerator Requirements**"), and each of them is incorporated hereto as if set forth in full herein:

A. Chapter 6.6 (commencing with Section 50672) of Part 2 of Division 31 of the Health and Safety Code:

B. Health and Safety Code section 50406;

C. The Project Solicitation;

D. ARPA and related federal guidance;

E. The award letter issued by the Department to the Sponsor(s); and

F. All other applicable law.

2. Purpose

The California Housing Accelerator is intended to expedite the construction and production of Qualified Rental Housing Developments, as defined below, that are unable to proceed due to inability to obtain tax credit and bond allocations.

The Department will provide California Housing Accelerator assistance in the form of a forgivable loan (the "**Loan**").

Sponsor(s) applied to the Department for the Loan, which will be expended on Eligible Uses, as defined in Paragraph 3 and as outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of the Loan, the Sponsor(s) agrees to comply with the California Housing Accelerator Requirements and the terms and conditions of this Agreement.

3. Definitions

Any capitalized terms that are not defined below have the definitions set forth in the California Housing Accelerator Requirements. In the event of any conflict, the definitions in this Agreement and the Project Solicitation are controlling.

A. **"Application Fee"** means the refundable fee of $40,000.00, which the Department charged per California Housing Accelerator application. This fee will be fully refunded if the Sponsor meets the Commencement of Construction Deadline, or if the Project obtains a tax credit allocation prior to the Commencement of Construction Deadline and the California Housing Accelerator funds are disencumbered.

B. **"Assisted Unit"** means a Department-funded residential dwelling unit that is subject to rent, income, occupancy, and other restrictions in accordance with California Housing Accelerator Requirements.

C. **"Borrower"** means the entity that incurs the obligation for the Loan that is subject to California Housing Accelerator Requirements.

D. **"California Housing Accelerator Requirements"** means the legal authority and California Housing Accelerator materials listed at Paragraph 1 (A – F), above.

E. **"CDLAC"** means the California Debt Limit Allocation Committee.

F. **"Commencement of Construction Deadline"** means the date, no later than 180 days from the date of the award, by which construction shall have commenced on the Project, or that extended date, up to 90 days beyond the 180-day period, which was approved by the Department in its sole and absolute discretion and on the basis of conditions beyond the control of the Sponsor. This date is identified with specificity at Exhibit E of this Agreement. For purposes of this definition, "commencement of construction" means the first land-disturbing activity associated with a project, including land preparation such as clearing, grading, and filling, or the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building.

G. **"Eligible Uses"** means the expenses that are categorized as reasonable project costs by the federal low-income housing tax credit program (e.g., reasonable reserves), as well as the construction loans that funded such expenses, and any other expenses allowed by the Department in its sole and absolute discretion.

H. **"Existing HCD Commitment"** means the commitment of Department funds to the Qualified Rental Housing Development that predated the Application for California Housing Accelerator funds, as well as the Department loan program making that commitment.

I. **"Homeless Household"** means a household that meets one of the (1) – (4) criteria set forth at California Code of Regulations, title 4, section 10315, subdivision (b), unless the Existing HCD Commitment is based on a different definition of this or a similar term, in which case the definition associated with the Existing HCD Commitment shall apply.

J. **"Local Public Entity"** is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In

addition, and in accord with this Health and Safety Code definition, the term "**Local Public Entity**" also includes two or more local public entities acting jointly.

K. **"Performance Milestones"** means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Sponsor's failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Loan funds and the cancellation of this Agreement.

L. **"Permanent Loan Conversion"** means the Project has leased up to a minimum of 90 percent occupancy for at least 30 days in accordance with the applicable Department funding requirements; the units have been leased to the appropriate or designated populations identified at Exhibit E, and they have met the terms and conditions of all Department funding awarded to the Project; and all construction period financing has been paid off or converted to permanent financing.

M. **"Permanent Loan Conversion Deadline"** means the date of November 30, 2026. This date is the disbursement and expenditure deadline for all California Housing Accelerator funds.

N. **"Project"** or **"Rental Housing Development"** means the following: (i) a "qualified low-income housing project," as defined in Section 42(g) of the Internal Revenue Code (26 U.S.C. § 42(g)); or (ii) a Qualifying Infill Project, as defined under the Infill Incentive Grant Program of 2007 or the Infill Infrastructure Grant Program of 2019, that meets the requirements of those programs. A "**Project**" or "**Rental Housing Development**" must also be a "**Qualified Rental Housing Development**."

O. **"Qualified Rental Housing Development"** is defined in accordance with Health and Safety Code section 50672.1, subdivision (e), and means a rental housing development that received an award letter from any multifamily housing program administered by the Department.

P. **"Scope of Work"** or **"Work"** means the work to be performed by the Sponsor to accomplish the California Housing Accelerator purpose.

Q. **"Sponsor"** is defined in accordance with Health and Safety Code sections 50675.2 and 50669. When the Sponsor comprises two or more entities, the entities may be referred to, both individually and collectively, as the "Sponsor." Each such entity may also be referred to individually as a **"Co-Sponsor."** The Sponsor structure shall include any Local Public Entity that is a Co-Sponsor of the Existing HCD Commitment; such Local Public Entity shall execute the Standard Agreement as a duly authorized Co-Sponsor prior to construction loan closing. The Sponsor

entities shall be bound by the California Housing Accelerator Standard Agreement, and by each and every one of the California Housing Accelerator terms, conditions, and restrictions. On the STD 213 portion of this Agreement, the Sponsor is identified as the Contractor.

R. **"TCAC"** means the California Tax Credit Allocation Committee.

S. **"UMR"** means the Uniform Multifamily Regulations (Cal. Code Regs., tit. 25, § 8300 et seq.), effective November 15, 2017, and as subsequently amended.

4. Eligible Uses

Sponsor shall apply the Loan to Eligible Uses, as defined in Paragraph 3 of this Agreement. The Department reserves the right to disallow expenditures that do not constitute Eligible Uses, as determined by the Department in its sole and absolute discretion. The Department reserves the right, consistent with applicable law, to require prior written approval of all reserve withdrawals, regardless of whether the reserve was required by the Department.

Sponsor's use of the funds and Scope of Work are specified at Exhibit E of this Agreement.

5. California Housing Accelerator Deadlines

A. The Project must commence construction no later than the Commencement of Construction Deadline**,** as specified at Exhibit E of this Agreement. The Department may, in its sole and absolute discretion, extend the Commencement of Construction Deadline due to conditions beyond the control of the Sponsor, for a period not to exceed 90 days.

Failure to meet the Commencement of Construction Deadline, or any Department-approved extension, will result in the forfeiture of the Application Fee and the California Housing Accelerator award. Such failure will also cause the Department to assess negative points when scoring any future application by the Sponsor for Department funding, unless the Sponsor secures a CDLAC/TCAC allocation, and the California Housing Accelerator funds are disencumbered by the Commencement of Construction Deadline.

B. Within seven (7) months of the award, the Sponsor shall submit documentary evidence to the Department that construction commenced by the Commencement of Construction Deadline. Sponsor shall make this showing as specified by Paragraph 7 of Exhibit A of this Agreement.

C. The Loan proceeds shall be disbursed through escrow and expended on Eligible Uses no later than **November 30, 2026**.

6. Performance Milestones

Sponsor shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each a "**Milestone Completion Date**"). The Performance Milestones shall include, but not be limited to, the Commencement of Construction Deadline, any deadlines for the submission of necessary documentary evidence, and any reporting deadlines.

Sponsor may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's reasonable discretion. In no event will the Department approve an extension request in the absence of Sponsor's demonstration of good cause for said extension, along with Sponsor's reasonable assurances that the extension will not result in Sponsor's failure to meet other Performance Milestones under this Agreement. In no event will the Department approve an extension of the Construction Commencement Deadline beyond the statutorily authorized 90 days.

7. Reporting Requirements

A. Sponsor shall comply with all reporting requirements set forth at Section II.E.10 of the Project Solicitation or in this Agreement, all in accordance with any Milestone Completion Date(s) set forth at Exhibit E of this Agreement.

B. After satisfaction of each Performance Milestone, the Sponsor shall promptly report its progress, in writing, to the Department.

C. Within seven (7) months of the award, the Sponsor shall submit documentary evidence to the Department that construction commenced by the Commencement of Construction Deadline. If the Department extends the Commencement of Construction Deadline, as authorized, the Sponsor's deadline for submitting the foregoing documentary evidence shall be extended in the same increment as the extension of the Commencement of Construction Deadline. Qualifying forms of documentary evidence include the following:

i. Recordation of a notice of commencement;

ii. Date- and time-stamped photographs;

iii. Physical inspection report; or

iv. Other documentation subject to the approval of the Department.

Failure to submit qualifying documentary evidence within the specified timeframes may result in forfeiture of the Application Fee, forfeiture of the award, and/or an assessment of negative points relative to any future application for Department funding.

8. Department Contract Coordinator

The Department's Contract Coordinator for this Agreement is the Program Manager for the California Housing Accelerator. Unless otherwise informed, Sponsor shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address:

California Department of Housing and Community Development
California Housing Accelerator Program Manager
Division of State Financial Assistance – PDI Branch
P. O. Box 952054
Sacramento, CA 94252-2054

9. Sponsor Contract Coordinator

Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Sponsor Contract Coordinator at the address specified at Exhibit E of this Agreement.

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EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Terms of Loan

Sponsor has been awarded a forgivable Loan in the amount set forth in this Agreement. The Loan will have an interest rate of 0 percent for 20 years. The 20-year term will commence on the date of recordation of the California Housing Accelerator Loan documents. There will be no residual receipts or periodic payment requirements during the life of the Loan.

The Loan will be forgiven by the Department at the end of the 20-year loan term if all of the following are true at that time, as determined by the Department in its sole and absolute discretion:

A. Sponsor remains in good standing with the California Secretary of State;

B. The Project is not in default under the terms of any of the Department's loan documents for that Project; and

C. Negative points have not been assessed against the Sponsor during the previous five (5) years in connection with any Department-assisted project.

The Loan shall be subject to repayment if, during the 20-year term, the Project is (i) converted to market-rate housing; or (ii) sold or refinanced with a distribution of net equity. The amount of any funds expended by the Department for the purposes of curing or averting a default will be added to the Loan amount secured by the Project payable to the Department upon demand.

2. Payment

At the time of the Project's permanent financing closing, all California Housing Accelerator Loan proceeds must be disbursed through an independent escrow/title company licensed to do business in the State of California. The Department shall prepare and submit escrow instructions to the escrow holder. The Department's escrow instructions will further detail the requirements for, and conditions to, the release of Loan proceeds to the Sponsor.

The Loan proceeds will be released through escrow upon the Sponsor's, or its assignee's, submittal of the STD 204, Payee Data Record, and the HCD 846, Request for Funds, and, in all events, upon the Sponsor's satisfaction of the terms and conditions of this Agreement and all applicable California Housing Accelerator Requirements. The

Department reserves the right to retain 10 percent of the approved Loan proceeds pending receipt and acceptance of the cost audit and any outstanding loan closing items.

3. Duplication of Benefit

Sponsor may not use California Housing Accelerator funding to cover expenditures that have already been funded through other permanent sources. Expenses that have been or will be reimbursed under any federal or state program are not Eligible Uses of California Housing Accelerator funding.

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EXHIBIT D

CALIFORNIA HOUSING ACCELERATOR GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

A. This Agreement, when fully executed by the Department and the Sponsor, is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "**Effective Date**").

B. This Agreement will terminate five (5) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "**Expiration Date**").

C. The Department will make best efforts to do the following as of the construction loan closing date: (a) review all transaction documents that are made available to the Department in advance of closing; and (b) opine as to the legal sufficiency of those documents for purposes of the California Housing Accelerator Loan and the Existing HCD Commitment(s). For purposes of this subparagraph, "transaction documents" includes, but is not limited to, construction and permanent loan documents; environmental reports; preliminary reports from title companies; surveys; appraisals; authorization and organizational documents; property management agreements; applicable leases; and relocation plans or certifications.

D. The Sponsor shall close the construction financing approved by the Department and commence construction of the Project in accordance with the Performance Milestones approved by the Department. Upon the Department's request, the Sponsor shall promptly provide evidence of recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits, and the notice to proceed delivered to the contractor. Evidence of a grading permit is not sufficient for purposes of this subparagraph.

E. The Loan proceeds shall be disbursed through escrow and expended on Eligible Uses no later than **November 30, 2026**. If Sponsor fails to meet this Permanent Loan Conversion Deadline, the Department will terminate this Agreement and exercise its remedies in accordance with Paragraph 3 of Exhibit D, unless an alternate arrangement is legally permissible and has been approved by the Department in advance and in writing.

2. Existing HCD Commitment - General Terms and Conditions of Standard Agreement

This Agreement incorporates by reference the Department's General Terms and Conditions set forth in each Existing HCD Commitment's STD 213, Standard Agreement (the "**Existing HCD General Terms and Conditions**"). (The Existing HCD General Terms and Conditions may, but need not, be set forth at Exhibit D of each Existing HCD Commitment's STD 213, Standard Agreement.) Each Existing HCD Commitment is identified at Paragraph 1 of Section A of Exhibit E of this Agreement.

In the event of any conflict between the Existing HCD General Terms and Conditions, this Agreement and the California Housing Accelerator Requirements, the California Housing Accelerator Requirements shall control. In no event shall the Existing HCD General Terms and Conditions be interpreted to frustrate, limit, or impair the Department's objectives, rights, and remedies in connection with the California Housing Accelerator.

3. Termination for Cause

The Department may terminate this Agreement for cause at any time by giving at least fourteen (14) calendar days' advance written notice to the Sponsor. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity. Cause consists of Sponsor's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

A. Sponsor's failure to meet the Permanent Loan Conversion Deadline by **November 30, 2026**.

B. Sponsor's failure to timely satisfy each or any of the conditions set forth in these California Housing Accelerator General Conditions, the Project-Specific Provisions and Special Terms and Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.

C. Sponsor's violation of any of the California Housing Accelerator Requirements.

D. The Department's determination that:

1) Any material fact or representation, made or furnished to the Department by the Sponsor in connection with the Application or the award letter, is untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or

2) Sponsor has concealed any material fact from the Department related to the Application or the Project.

E. Filing of a petition by Sponsor, or any affiliate or general partner of Sponsor, for relief under the Bankruptcy Code; the filing of any pleading or answer by Sponsor, or any affiliate or general partner of Sponsor, in any involuntary proceeding under the Bankruptcy Code; a general assignment by Sponsor, or any affiliate or general partner of Sponsor, for the benefit of creditors; or the filing of an application for the appointment of a receiver, trustee, custodian or liquidator of Sponsor or any of its property, or of any affiliate or general partner of Sponsor or any of its property.

F. Failure of Sponsor, or of any affiliate or general partner of Sponsor, to effect a full dismissal of any involuntary petition under the Bankruptcy Code that is filed against Sponsor, or any affiliate or general partner of Sponsor, or that in any way restrains or limits Sponsor, any affiliate or general partner of Sponsor, or the Department regarding the Loan or the Project, prior to the earlier of the entry of any court order granting relief sought in such involuntary petition, or thirty (30) days after the date of filing of such involuntary petition.

G. Attachment, levy, execution, or other judicial seizure of any portion of the Project, or any substantial portion of the other assets of Sponsor, or of any affiliate or general partner of Sponsor, that is not released, expunged, bonded, discharged, or dismissed within thirty (30) days after the attachment, levy, execution, or seizure.

H. Pendency of any proceeding challenging the legal existence or authority of Sponsor, or of any affiliate or general partner of Sponsor, or the pendency of any proceeding challenging the legality of the Project.

I. The Department's determination that the objectives and the requirements of the California Housing Accelerator cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

In the event of this or any other breach, violation, or default by the Sponsor, the Department may give written notice to the Sponsor to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within 30 days or such other reasonable time as determined by the Department in its sole and absolute discretion and based on the totality of the circumstances, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

4. Cancellation

A. It is mutually understood between the parties that this Agreement may have been written for the mutual benefit of both parties before ascertaining the availability of congressional appropriation of funds to avoid program and fiscal delays that would occur if this Agreement were executed after that determination was made.

B. This Agreement is valid and enforceable only if sufficient funds are made available to the State of California by the United States Government for fiscal years 2021-2022 through 2025-2026 for CSFRF purposes. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or to any statute enacted by the Congress that may affect the provisions, terms, or funding of this Agreement in any manner.

C. The parties mutually agree that if the Congress does not appropriate sufficient funds for the CSFRF, this Agreement will be amended to reflect any subsequent reduction in CSFRF funds.

D. The Department may cancel this Agreement, in whole or in part, if (i) sufficient funds are not made available by the United States Government; (ii) Congress enacts any restrictions, limitations, or conditions that impact this Agreement or the funding of this Agreement; or (iii) cancellation is otherwise permitted under state contracting law.

E. To cancel this Agreement pursuant to this paragraph, the Department shall give thirty (30) calendar days' advance written notice to the Sponsor. The Sponsor shall return any unexpended portion of its Loan award to the Department within thirty (30) calendar days from the date on the Department's written notice of cancellation, unless (i) the parties have agreed upon an alternate arrangement in advance and in writing; or (ii) an alternate arrangement is necessary for one or both parties to remain in compliance with ARPA or other applicable law.

5. Sponsor Liability

Sponsor shall remain liable to the Department for performance under this Agreement and compliance with all California Housing Accelerator Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Sponsor shall remain jointly and severally liable to the Department for performance under this Agreement and compliance with all California Housing Accelerator Requirements

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regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work.

6. Disputes

In the event of any conflict between this Agreement and any documents internal to the Sponsor or Borrower (e.g., limited partnership agreement), this Agreement and the California Housing Accelerator Requirements will prevail, are applicable, and will be enforceable by the Department, notwithstanding, without limitation, any prior or preliminary review or approval of any such documents by the Department at the time of construction loan closing or otherwise.

7. Consent

The parties agree that wherever the consent or approval of the Department or the Sponsor is required under this Agreement, such consent or approval must not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion or other words of similar import.

8. Relocation Plan

Sponsor must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Sponsor must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons and entities do not suffer a disproportionate impact as a result of Projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law.

Before this Agreement will be executed, Sponsor must have either:

A. A Department-approved relocation plan; or

B. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Sponsor and approved by the Department.

Where the Sponsor's activities will or may result in displacement, the Sponsor's development budget must include enough funds to pay all costs of relocation benefits and assistance.

Any modifications to the foregoing process requirements are set forth at Exhibit E of this Agreement.

9. Article XXXIV

Article XXXIV, section 1 of the California Constitution ("**Article XXXIV**") is not applicable to development that consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys appropriated and disbursed pursuant to Chapter 6.6 (commencing with Section 50672) of Part 2 of Division 31 of the Health and Safety Code. (Health & Saf. Code, § 37001, subd. (h)(4).) As such, Article XXXIV is not applicable to California Housing Accelerator-funded Projects.

10. Updated Information

Sponsor shall provide the Department updated documentation for any change in the information previously provided relating to the California Housing Accelerator Loan, including updated sources and uses and income information. All changes shall be subject to Department approval. However, if the Project is changed in any way as to make it ineligible for California Housing Accelerator funding, then the California Housing Accelerator Loan commitment will be cancelled, and all California Housing Accelerator Loan funds awarded to the Sponsor shall be disencumbered.

11. Prevailing Wages

This Project is subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). The Sponsor is urged to seek professional legal advice about the law's requirements. Prior to closing the Loan, the Department will require a certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid (if such payment is required by law), and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by the general contractor(s) and the Sponsor.

12. Insurance

The Sponsor shall obtain, and maintain for the term of the Loan, hazard and liability insurance for the Project in accordance with the Department's requirements, including flood insurance, if applicable. The Department shall be named as a loss payee or an additional insured on all such policies. Such policies must also provide for notice to the Department in the event of any lapse of coverage and in the event of any claim

thereunder. Prior to disbursement of the California Housing Accelerator Loan, the Sponsor shall provide evidence satisfactory to the Department of compliance with these insurance requirements.

13. California Housing Accelerator Loan Documents

The Sponsor shall enter into this Agreement with the Department, which shall govern the encumbrance of the California Housing Accelerator Loan funds.

In addition, California Housing Accelerator terms, conditions, and restrictions will be expressly incorporated into the loan documents of the Existing HCD Commitment.

The Department will append and incorporate a California Housing Accelerator exhibit into the Existing HCD Commitment's loan regulatory agreement to be recorded on the property. The exhibit will set forth the Project's California Housing Accelerator-specific requirements, terms, and conditions. The exhibit will impose, for a 55-year period, the same income, occupancy, and rent restrictions that were represented in the Sponsor's most recent unsuccessful application to TCAC/CDLAC, and it will require the same service amenities that were represented in that application. The Department may, however, expressly approve alternative California Housing Accelerator restrictions and required service amenities for the purpose of maintaining consistency with the Existing HCD Commitment. The regulations, guidelines, and other terms of the Existing HCD Commitment shall govern the integrated regulatory agreement.

California Housing Accelerator requirements, terms, and conditions will also be incorporated into the promissory note and deed of trust of the Existing HCD Commitment, as well as any other of the Existing HCD Commitment's loan documents, as necessary and appropriate. All such documents will be executed and recorded, as appropriate, at permanent financing close of escrow. For Projects secured by leasehold security, leases must meet the requirements of UMR section 8316, and both the Borrower and the fee owner of the property must execute the Department's form template lease rider without modification. The lease rider amends the lease and must be recorded on the fee estate.

14. Cross-Default

A default under any other Department loan(s) to the Project, will constitute a default under the California Housing Accelerator assistance. If such default continues beyond any applicable cure period, the Department will avail itself of any and all remedies.

15. Restrictions on Transfer and Change of Ownership

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The Sponsor shall not, without the prior written approval of the Department:

A. sell, transfer, convey, encumber, hypothecate or pledge any of the Project or the Project property, or any portion or interest in either of them;

B. discharge or replace any general or managing partner if Sponsor is a partnership, or amend, modify or add to its partnership agreement except that the Sponsor may sell or transfer limited partnership interests without the Department's approval;

C. if Sponsor is a limited liability company: change the manager(s), amend, modify or add to its operating agreement or management structure;

D. wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation; or

E. change the organizational structure of the Sponsor.

16. Accessibility

The Project shall comply with all state and federal accessibility requirements, including, without limitation, the specific requirements set forth in the Project Solicitation.

17. Compliance with State and Federal Laws, Rules, Guidelines and Regulations

The Sponsor agrees to comply with all state and federal laws, rules and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity, and all other matters applicable to the Development, the Sponsor, its contractors or subcontractors, and any Loan activity.

18. Sponsor Representations

A. Sponsor represents and warrants that, as of the date of this Agreement, the Sponsor is a duly organized and validly existing entity under California law and the person signing this Agreement on behalf of Sponsor has the authority to act on behalf of and to bind the Sponsor in accordance with the terms of this Agreement.

B. Sponsor represents and warrants that, as of the date of the Loan closing, the Borrower may be a duly organized and validly existing limited partnership under California law, and that such limited partnership will have the authority to participate in the California Housing Accelerator subject to all California Housing Accelerator Requirements.

C. Sponsor further represents and warrants that, as of the date of the Loan closing, the person(s) executing the Loan documents will have full authority to act on behalf of and to bind the Sponsor in accordance with the terms of those documents.

19. Survival of Obligations

The obligations of the Sponsor as set forth in this Agreement shall survive the California Housing Accelerator Loan closing, and the Sponsor shall continue to cooperate with the Department and perform acts and provide documents as provided herein.

20. Litigation

If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent jurisdiction, such invalidity, at the sole and absolute discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable. The Sponsor shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

21. Obligations of Sponsor with Respect to Certain Third-Party Relationships

The Sponsor shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the Project with respect to which assistance is being provided under this Agreement. The Sponsor shall comply with all lawful requirements of the Department necessary to ensure the completion, occupancy and use of the Project in accordance with this Agreement.

22. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement or to require at any time performance by the Sponsor of these provisions shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

23. Retention, Inspection, and Audit of Records

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Sponsor is responsible for maintaining records which fully disclose the activities funded by the Loan. Sponsor shall retain all records for a minimum period of five (5) years after final payment under this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegatees, shall have the right to review, obtain, and copy all records (electronic or otherwise) pertaining to performance under this Agreement. The U.S. Department of the Treasury and any authorized oversight body or representative, including, without limitation, the Treasury's Office of Inspector General, the Government Accountability Office, and the Pandemic Relief Accountability Committee, shall have the right of access to such records in order to conduct audits or other investigations. Sponsor shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Sponsor shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Sponsor shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Sponsor in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Sponsor, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Sponsor shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

24. Sponsor Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Sponsor acknowledges that the Pet Friendly Housing Act of 2017 (Health and Saf. Code, div. 31, pt. 2, ch. 2, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident's dwelling unit, subject to applicable state laws and local government ordinances related to public health, animal control, and animal anticruelty.

25. Compliance with Title VI of the Civil Rights Act of 1964

Sponsor and any of its contractors, subcontractors, successors, transferees, and assignees shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement. Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this Agreement.

26. Nondiscrimination

Statutes and regulations prohibiting discrimination are applicable to this Agreement and include, without limitation, the following:

A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) and the U.S. Department of the Treasury's implementing regulations at 31 CFR Part 22;

B. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.);

C. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);

D. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.);

E. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101 et seq.); and

F. The State of California nondiscrimination statutes, regulations, and standards set forth and identified in the Project Solicitation and at Exhibit C of this Agreement.

The Sponsor shall adopt a written nondiscrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with California Housing Accelerator funds.

27. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

This Agreement is subject to the administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, which are set forth at 2 Code of Federal Regulations part 200.

28. Single Audit Requirements

Sponsor is responsible for complying, as necessary, with the Single Audit Act and its implementing regulation at 2 Code of Federal Regulations part 200, subpart F regarding audit requirements.

29. Developer Fee Limits

Total developer fee for a Project shall not exceed the lesser of **(a)** $2,200,000; or **(b)** the sum of 15 percent of the Project's unadjusted residential construction-related eligible basis, 5 percent of the Project's unadjusted acquisition eligible basis, and 15 percent of the eligible basis for the Project's nonresidential costs.

30. Restrictions on Continued Eligibility for Award

If the Sponsor has a pending application with CDLAC and/or TCAC relative to the Project, and that application is thereafter recommended to receive bonds and/or tax credits, the California Housing Accelerator funds must be returned to the Department. If, after receiving an award of California Housing Accelerator funds, the Sponsor withdraws the awarded Project's pending application from CDLAC and/or TCAC, the Sponsor will no longer be eligible for that California Housing Accelerator funding.

31. Future Tax Credit Applications and Syndicating Losses

The Sponsor is prohibited from applying for or receiving a tax credit allocation on the Project for a period of 20 years from the California Housing Accelerator Loan closing date for that Project.

Post-award, if the Sponsor syndicates and sells a portion of its ownership interest to a partner or equivalent party seeking tax losses associated with the Project, and such syndication was not represented and described in the Application, nine-tenths of the gross proceeds of that sale shall be remitted to the Department as recaptured California Housing Accelerator funds. The Department may grant an exception to this requirement where the Sponsor demonstrates that the syndication proceeds would either (a) pay for the lowest reasonable development cost increase that is consistent with the Project's original scope, as identified in the Application; or (b) capitalize a services reserve for a special needs Project. The Department's written approval is required in advance of the Sponsor's assignment, transfer, or conveyance of any ownership interest in the Project.

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EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS

A. PROJECT-SPECIFIC PROVISIONS

# of Bedrms	Unit Type	Unit's Income Restricted Level	Total Units	Rental Units	Total Restricted Units	Restricted Affordable Rental Units	Manager Units	Homeless Units
1	Rental	50% AMI	8	8	8	8		
1	Rental	60% AMI	15	13	15	15		
2	Rental	30% AMI	51	45	51	51		51
2	Rental	50% AMI	2	3	2	2		
2	Rental	60% AMI	3	10	3	3		
3	Rental	30% AMI	18	17	18	18		18
3	Rental	50% AMI	3	3	3	3		
3	Rental	60% AMI	5	6	5	5		
4	Rental	30% AMI	2	4	2	0		2
4	Rental	50% AMI	3	4	3	0		
4	Rental	60% AMI	4	1	4	0		
2	Rental	100% AMI	4	4	4	4		
3	Rental	100% AMI	14	14	14	14		
4	Rental	100% AMI	5	5	5	5		
2	Manager		1				1	
Total:			**138**	**137**	**137**	**128**	**1**	**71**

1. Existing HCD Commitment(s). This Project is subject to one or more Existing HCD Commitments, as specified below:

a. Affordable Housing Sustainable Communities 19-AHSC-12785

b. Affordable Housing Sustainable Communities 19-AHSC-12786

c. Infill Infrastructure Grant 19-IIG-14399

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2. Disbursement and Eligible Use(s). Pursuant to an award letter, dated 02/03/2022, the Sponsor is receiving California Housing Accelerator Loan funds in the amount of $55,601,514.00. Sponsor will apply these funds towards the following Eligible Use(s):

a. New Construction

3. Project Narrative. Treasure Island Parcel C3.1 is a 138-unit rental new construction project. With a mix of 23 one-bedroom, 60 two-bedroom, 40 three-bedroom, 14 four-bedroom units. It will serve households earning between 30% to 100% percent of Area Median Income (AMI), and 1 manager's unit. The 71 units at 30% AMI will be Supportive Housing units targeting homeless families and these units will offer a Shelter+Care PBV subsidy. The project includes 23 parking spaces and 138 bike spaces. Each unit will have a refrigerator, range, disposal, ceiling fans, curtains/blinds, and storage area. On-site amenities include community rooms, outdoor spaces, and bicycle storage. Off-site amenities, located within two miles of the project include school, grocery store, childcare, and parks.

4. Scope of Work. Treasure Island Parcel C3.1 is located on the corner of Avenue C and 6th Street San Francisco, CA 94130. Construction was anticipated to commence in December 2021. Completion is anticipated to complete in 20 months or by July 2023.

5. Sponsor Contract Coordinator.

Authorized Representative Name:	Ramie Dare
Authorized Representative Title:	Vice President
Entity Name:	Mercy Housing California
Address:	1256 Market Street San Francisco, CA 94102
Telephone No.:	(415) 355-7118
E-Mail Address:	rdare@mercyhousing.org

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Authorized Representative Name:	Robert P. Beck
Authorized Representative Title:	Director
Entity Name:	Treasure Island Development Authority
Address:	One Avenue of the Palms, Suite 241 San Francisco, CA 94130
Telephone No.:	(415) 274-0662
E-Mail Address:	Bob.beck@sfgov.org

6. Additional Conditions Precedent to Disbursement.

7. Budget Detail.

8. Performance Milestones.

Performance Milestones	Milestone Completion Date
Commencement of Construction Deadline	8/2/2022
Submit documentary evidence to the Department that construction commenced by the Commencement of Construction Deadline	09/03/2022
Permanent Loan Conversion Deadline	November 30, 2026

9. Authorized Payee. The authorized payee(s) is/are as specified below:

Name of Payee	Amount
Mercy Housing California	$55,601,514.00

B. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein: N/A

This document is exempt from payment of a recording fee pursuant to California Government Code Section 27383

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

Treasure Island Development Authority
c/o Office of Economic and Workforce Development
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attention: Treasure Island Project Director

Recorder's Stamp

DISPOSITION AND DEVELOPMENT AGREEMENT

(TREASURE ISLAND/YERBA BUENA ISLAND)

by and between

TREASURE ISLAND DEVELOPMENT AUTHORITY,
a California non-profit public benefit corporation

and

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC,
a California limited liability company

TABLE OF CONTENTS

Page

1. The Project 5
   - 1.1 Overview 5
   - 1.2 Vertical Disposition and Development Agreements and Lease Disposition and Development Agreements 5
   - 1.3 Improvements 6
   - 1.4 Project Development 8
   - 1.5 Developer's Role Generally 8
   - 1.6 Development Process Generally 8
   - 1.7 Proportionality 9
   - 1.8 Phase Boundaries; Associated Public Benefits; Order of Development 9
   - 1.9 Schedule of Performance/Expiration of Schedule of Performance 10

2. Term of this DDA 10

3. Project Phasing 11
   - 3.1 Phased Development Generally 11
   - 3.2 Phasing Goals 11
   - 3.3 Major Phases 11
   - 3.4 Sub-Phases 11
   - 3.5 Applications for, Approval of and Sequencing of Major Phases and Sub-Phases 11
   - 3.6 Changes to Phasing Plan 12
   - 3.7 Phasing of Conveyances to Developer 12
   - 3.8 Effect of Failure to File Major Phase or Sub-Phase Applications in a Timely Manner; Right of the Authority to Offer Development Opportunity to Others 13
   - 3.9 Proforma, Summary Proforma and Proforma Updates 15

4. Vertical DDA and Vertical LDDAs; Vertical Approvals 16
   - 4.1 Vertical DDAs and Vertical LDDAs 16
   - 4.2 Off-Street Vehicle Parking 17
   - 4.3 Vertical Applications and Approvals 20
   - 4.4 Conditions for Vertical Approvals 20

5. Reserved 21

6. Land Acquisition 21
   - 6.1 Trust Exchange 21
   - 6.2 Acquisition from the Navy 22

7. Construction of Infrastructure 26
   - 7.1 Related Infrastructure; Unrelated Infrastructure 26
   - 7.2 Transferable Infrastructure 26

TABLE OF CONTENTS
(continued)

Page

7.3 Compliance with Standards 27
7.4 Authority Conditions to Developer's Commencement of Infrastructure 27
7.5 Conditions for Benefit of the Authority 28
7.6 Developer Efforts to Satisfy Authority Conditions 29
7.7 Effect of Failure of Condition 29
7.8 Completion of Developable Lots 29
7.9 ICT Rights 30
7.10 Wastewater Treatment Plant. 30

8. Construction of Vertical Improvements/Required Improvements 31
8.1 Vertical Improvements 31
8.2 Required Improvements. 31
8.3 Marina Landside Improvements 32

9. Issuance of Authorizations; Issuance of Certificates of Completion 32
9.1 Authorizations. 32
9.2 Issuance of Certificates of Completion. 33
9.3 Substantial Completion 35

10. Terms for Conveyances to Developer 35
10.1 General. 35
10.2 Escrow and Title. 36
10.3 Conditions Precedent to Close of Escrow for Real Property Conveyances from the Authority to Developer. 38
10.4 Close of Escrow 41
10.5 Post-Closing Boundary Adjustments 42
10.6 Title Clearance 42
10.7 Conditions Precedent for Transfers of Lots to Vertical Developers 42

11. Property Condition 43
11.1 As Is 43
11.2 Hazardous Substance Indemnification 45
11.3 Environmental Insurance 48
11.4 Damage and Destruction 48
11.5 Proportionality 49
11.6 Deed Restrictions 49

12. Amendments to Transaction Documents 49
12.1 Before Issuance of the Last Certificate of Completion 49
12.2 Following Issuance of the Last Certificate of Completion 49
12.3 Prior to Completion of Reimbursements under Financing Plan or Acquisition and Reimbursement Agreement 49

TABLE OF CONTENTS
(continued)

Page

12.4 Developer's Consent 50
12.5 Notice Regarding Amendment Action 50

13. Compliance with Plans and Policies; Payment of Subsidies 50
13.1 Compliance with Plans and Obligations 50
13.2 Relocation Plans 51
13.3 Developer Subsidies 51

14. [Reserved] 56

15. Resolution of Certain Disputes 56
15.1 Arbitration Matters and Expedited Issues 56
15.2 Good Faith Meet and Confer Requirement 57
15.3 Dispute Resolution Procedures 57

16. Event of Default; Remedies 60
16.1 General 60
16.2 Particular Breaches by the Parties 61
16.3 Remedies 64
16.4 Termination 65
16.5 Authority's Exercise of Reversion Right upon Failure to Substantially Complete Infrastructure; Release of Rights of Reverter 66
16.6 Independence of Major Phases, Sub-Phases and Vertical Improvements 70
16.7 Reserved 70
16.8 Rights and Remedies Cumulative 70
16.9 No Implied Waiver 71

17. Transfer and Development of Lots 71
17.1 In General 71
17.2 Commercial Lots 71
17.3 Sale of Market Rate Lots 74
17.4 Appraisal Process 75
17.5 Auction Process for Residential Auction Lots 76

18. Mitigation Measures 77
18.1 Mitigation Measures 77

19. Authority Costs 77
19.1 Authority Costs and Revenues 77
19.2 Annual Budget 78
19.3 Community Service Costs 78

TABLE OF CONTENTS
(continued)

Page

19.4 Reporting 79
19.5 Payment of Authority Costs 79
19.6 Payment for Shortfall in Authority Costs 79
19.7 Interim Lease Revenues 80
19.8 Payment of City Costs and Ramps Payment 80

20. Financing; Rights of Mortgagees 80
20.1 Right to Mortgage 80
20.2 Certain Assurances 80
20.3 Mortgagee Not Obligated to Construct 80
20.4 Copy of Notice of Default and Notice of Failure to Cure to Mortgagee 81
20.5 Mortgagee's Option to Cure Defaults 81
20.6 Mortgagee's Obligations with Respect to the Property 82
20.7 No Impairment of Mortgage 82
20.8 Multiple Mortgages 82
20.9 Cured Defaults 83

21. Transfers and Assignment 83
21.1 Developer's Right to Transfer Major Phases and Sub-Phases 83
21.2 Developer's Right to Transfer Lots 84
21.3 Developer Affiliate Transfers; Reorganizations 84
21.4 One Developer Retains Responsibility for All Infrastructure Within Each Major Phase 84
21.5 Authority's Approval of a Transfer 85
21.6 Assignment and Assumption Agreement; Release 85
21.7 Exceptions 86
21.8 Notice of Transfer 86
21.9 Transfer of DDA Obligations and Interests in Property 87
21.10 Liability for Default/Step-in Meet and Confer 87
21.11 Restrictions on Speculation 87
21.12 Restrictions on Transfer by the Authority 88
21.13 Certain Recordkeeping 88

22. General Developer and Vertical Developer Indemnification; Insurance 89
22.1 General Developer Indemnification 89
22.2 General Vertical Developer Indemnification 89
22.3 Other Remedies 90
22.4 Defense of Claims 90
22.5 Limitations of Liability 90
22.6 Insurance Requirements 91

TABLE OF CONTENTS
(continued)

Page

23. Authority Indemnification 91
23.1 Indemnification 91
23.2 Other Remedies 91

24. Excusable Delay; Extension of Times of Performance 91
24.1 Excusable Delay 91
24.2 Period of Excusable Delay 93
24.3 Developer Extension 94
24.4 Park Extension 95
24.5 Limitations 95
24.6 Extensions for Delay under Land Acquisition Agreements 95

25. Cooperation and Assistance 96
25.1 Interagency Cooperation Agreement 96
25.2 Authority and Developer Rights and Obligations Under Land Acquisition Agreements 96
25.3 Cooperation Regarding Land Acquisition Agreements 96

26. Adequate Security 96
26.1 Certain Definitions. As used herein: 96
26.2 Base Security 97
26.3 Net Worth Requirement/Significant Change/Substitute Security 98
26.4 Requirement for Adequate Security Prior to Sub-Phases. 99
26.5 Reduction, Return and Release of Adequate Security 100
26.6 Substitution of Adequate Security 100

27. Special Provisions 101
27.1 Non-Discrimination in City Contracts and Benefits Ordinance 101
27.2 Jobs and Equal Opportunity Program 102
27.3 Labor Representation (Card Check) 102
27.4 Wages and Working Conditions 102
27.5 Requiring Health Benefits for Covered Employees 102
27.6 Developer Conflicts of Interest 104
27.7 Prohibition of Political Activity with City Funds 104
27.8 Notification of Limitations on Contributions 105
27.9 Sunshine Ordinance 105
27.10 MacBride Principles - Northern Ireland 105
27.11 Tropical Hardwood and Virgin Redwood Ban 105
27.12 Resource-Efficient Facilities and Green Building Requirements 106
27.13 Tobacco Product Advertising Prohibition 106
27.14 Drug-Free Workplace 106

TABLE OF CONTENTS
(continued)

Page

27.15 Pesticide Ordinance 106
27.16 Preservative Treated Wood Containing Arsenic 107
27.17 Compliance with Disabled Access Laws 107
27.18 Protection of Private Information 107
27.19 Graffiti Removal 108
27.20 Food Service Waste Reduction Ordinance 109
27.21 Charter Provisions 109
27.22 Incorporation 109

28. Miscellaneous Provisions 109
28.1 Incorporation of Exhibits and Attachments 109
28.2 Notices 109
28.3 Time of Performance 111
28.4 Extensions of Time 111
28.5 Attorneys' Fees 112
28.6 Eminent Domain 112
28.7 Successors and Assigns; No Third-Party Beneficiary 112
28.8 Estoppel Certificates 112
28.9 Counterparts 112
28.10 Authority and Enforceability 113
28.11 References 113
28.12 Correction of Technical Errors 113
28.13 Brokers 113
28.14 Governing Law 113
28.15 Effect on Other Party's Obligation 113
28.16 Table of Contents; Headings 113
28.17 Numbers 114
28.18 No Gift or Dedication 114
28.19 Severability 114
28.20 Entire Agreement 114
28.21 No Party Drafter; Captions 114
28.22 Conduct; Covenant of Good Faith and Fair Dealing 115
28.23 Further Assurances 115
28.24 Approvals 115
28.25 Cooperation and Non-Interference 116
28.26 Interpretation 116
28.27 Legal Representation 116
28.28 Recordation; Run with the Land 116
28.29 Survival 117
28.30 Nondiscrimination 117
28.31 Lead-Based Paint Prohibition 118

TABLE OF CONTENTS
(continued)

Page

28.32 Modifications; Waiver 118
28.33 Relationship of the Parties 118
28.34 ENA 119
28.35 Plans on Record with Authority 119
28.36 Notice of Termination 119
28.37 Developer Termination Rights 119
28.38 Execution of Certain Attachments and Exhibits 119

LIST OF EXHIBITS

Exhibits highlighted in grey will be attached to DDA upon agreement of the parties in accordance with terms of Section 28.38 the DDA. The Infrastructure Plan (Exhibit FF) and the Parks and Open Space Plan (Exhibit GG) are not included in the recorded version of the DDA, but such Exhibits shall be kept on file with the Authority and available to the public in accordance with Section 28.35 of the DDA.

Exhibit	Description
Ex. A	Definitions
Ex. B-1	The Project Site/Excluded Properties (Map showing NSTI and Excluded Properties (job corps, coast guard and Caltrans))
Ex. B-2	Legal Description of Project Site
Ex. C	Project MMRP
Ex. D	The Land Use Plan
Ex. E	The Housing Plan
Ex. F	The Community Facilities Obligations
Ex. G:	The Public Property
Ex. H	Approved Vertical DDA Form
Ex. I	Approved Vertical LDDA Form
Ex. J	Intentionally Omitted
Ex. K	Intentionally Omitted
Ex. L	Site 12 Redesign Site
Ex. M	Ground Lease
Ex. N	Transportation Plan Obligations
Ex. O	Sustainability Obligations
Ex. P	Treasure Island Jobs and Equal Opportunity Policy
Ex. Q	Pre-Approved Arbiters List
Ex. R	Reversionary Quitclaim Deed
Ex. S	Summary Proforma
Ex. T	Auction Bidder Selection Guidelines for Commercial Lots
Ex. U	Qualified Appraisal Pool
Ex. V-1	Appraisal Instructions (Non-Critical Commercial Lots)
Ex. V-2	Appraisal Instructions (Residential Lots)
Ex. W	Auction Bidder Selection Guidelines for Residential Auction Lots
Ex. X	Guidelines for Residential Auction Lot Selection
Ex. Y-1	Form of Guaranty (Base Security)
Ex. Y-2	Form of Guaranty (Adequate Security other than Base Security)
Ex. Z	Architect's Certificate
Ex. AA	Authority Quitclaim Deed
Ex. BB	Certificate of Completion
Ex. CC	DRDAP
Ex. DD	Engineer's Certificate
Ex. EE	Financing Plan

Ex. FF	Infrastructure Plan
Ex. GG	Parks and Open Space Plan
Ex. HH	Permit to Enter
Ex. II	Phasing Plan
Ex. JJ	Schedule of Performance

LIST OF ATTACHMENTS

The Attachments are not included in the recorded version of the DDA, but such Attachments shall be kept on file with the Authority and available to the public in accordance with Section 28.35 of the DDA.

Att. 1	Form of Public Trust Exchange Agreement
Att. 2	Form of Navy Economic Development Conveyance Memorandum of Agreement

DISPOSITION AND DEVELOPMENT AGREEMENT (TREASURE ISLAND/YERBA BUENA ISLAND)

This DISPOSITION AND DEVELOPMENT AGREEMENT (TREASURE ISLAND/YERBA BUENA ISLAND) (including all Exhibits and Attachments as amended from time to time, this "**DDA**" or this "**Agreement**") dated for reference purposes only as of June 28, 2011 (the "**Reference Date**"), is made by and between Developer and the Authority. The terms defined in Exhibit A that are used in this DDA have the meanings given to them in Exhibit A.

RECITALS

Developer and the Authority enter into this DDA with reference to the following facts and circumstances:

Overview

A. Naval Station Treasure Island ("**NSTI**") is a former United States Navy base located in the City and County of San Francisco ("**City**"), that consists of the following two islands connected by a causeway: (1) Treasure Island, comprised of approximately 409 acres of level filled land, and (2) an approximately 90 acre portion of Yerba Buena Island, a natural rock outcropping, steeply sloped and highly vegetated, with elevations rising to over 300 feet above the water. NSTI also includes approximately 316 acres of unfilled tidal and submerged lands lying adjacent to Treasure Island in San Francisco Bay and approximately 234 acres of unfilled tidal and submerged lands lying adjacent to Yerba Buena Island in San Francisco Bay (the "**Submerged Lands**").

B. The land within NSTI that is the subject of this Agreement is shown on Exhibit B-1, attached hereto, and more particularly described in Exhibit B-2, attached hereto (the "**Project Site**"). For purposes of this Agreement, the term "NSTI" excludes the portions of NSTI that are occupied by the United States Department of Labor Jobs Corps, the United States Coast Guard and the California Department of Transportation (collectively, the "**Excluded Properties**"). The Excluded Properties are also shown on Exhibit B-1, attached hereto.

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

D. In 1994, a Citizen's Reuse Committee ("**CRC**"), representing a broad spectrum of community interests, was formed to (1) review reuse planning efforts for NSTI by

the San Francisco Planning Department and the San Francisco Redevelopment Agency, and (2) make recommendations to the City's Planning Commission and Board of Supervisors.

E. In July 1996, after an extensive community planning effort, the City's Mayor, Board of Supervisors, Planning Commission and the CRC unanimously endorsed the Draft Reuse Plan (the "**Reuse Plan**") for NSTI. The Reuse Plan served as the basis for the preliminary redevelopment plan for NSTI. Since adoption of the Reuse Plan, the Authority has undertaken an extensive public process to further refine the land use plan for NSTI.

F. In 1996, the City negotiated the Base Closure Homeless Assistance Agreement (the "**Original TIHDI Agreement**") with the Treasure Island Homeless Development Initiative, a California non-profit corporation ("**TIHDI**"), which represents a number of non-profit member organizations. TIHDI was formed in 1994 to develop the homeless component of the Reuse Plan. The Original TIHDI Agreement would, among other things, (1) give TIHDI certain rights to participate in economic development opportunities at NSTI, (2) facilitate implementation of a permanent employment program related to activities occurring at NSTI, (3) give TIHDI certain rights to both temporary and permanent housing in support of TIHDI's programs, and (4) provide TIHDI with certain financial support. The United States Department of Housing and Urban Development approved the Original TIHDI Agreement on November 26, 1996. The Original TIHDI Agreement was updated and superseded in its entirety by the Amended and Restated Base Closure Homeless Assistance Agreement (the "**TIHDI Agreement**") that was approved by Authority on April 21, 2011, and by the Board of Supervisors concurrently with its approval of this Agreement.

G. The Authority was created in 1997 to serve as the entity responsible for the reuse and development of NSTI. Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (as amended from time to time, the "**Conversion Act**"), the California Legislature (1) authorized the Board of Supervisors to designate the Authority as a redevelopment agency under the California Community Redevelopment Law (California Health and Safety Code §33000 et seq.) ("**CCRL**") with authority over NSTI, and (2) with respect to those portions of NSTI that are subject to the Public Trust, vested in the Authority the authority to administer the Public Trust as to such property in accordance with the terms of the Act.

H. The Board of Supervisors designated the Authority as a redevelopment agency with powers over NSTI under the Conversion Act in Resolution No. 43-98, dated February 6, 1998.

I. After completion of a competitive master developer selection process, the Authority and Developer entered into the Exclusive Negotiating Agreement dated as of June 1, 2003. The Exclusive Negotiating Agreement was amended and restated in its entirety pursuant to the Amended and Restated Exclusive Negotiating Agreement dated as of September 14, 2005, as further amended by the Amendment to Schedule of Performance Set Forth in the Amended and Restated Exclusive Negotiating Agreement dated as of July 1, 2006, the Second Amendment to the Amended and Restated Exclusive Negotiating Agreement dated as of March 12, 2008, the Third Amendment to the Amended and Restated Exclusive Negotiating Agreement dated as of February 10, 2010, and the Fourth Amendment to Exclusive Negotiating Agreement dated as of

June 22, 2011 (collectively, the "**ENA**"). The ENA sets forth the terms and conditions under which the Authority and Developer are willing to negotiate the transaction documents for the conveyance, management and redevelopment of NSTI, including a schedule of performance for major milestones.

J. One of the key milestones under the ENA was the completion of a term sheet summarizing the key policy goals, basic development guidelines, financial framework and other key terms and conditions that formed the basis for the negotiation and completion of the final transaction documents.

K. On October 24, 2006, the Treasure Island/Yerba Buena Island Citizens Advisory Board ("**TICAB**") voted 16-0-1 to endorse the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (the "**2006 Development Plan**"). On October 30, 2006, the Authority Board voted 6-0 to adopt Resolution No. 06-59-10/30 endorsing the 2006 Development Plan. On December 12, 2006, the Board of Supervisors voted 10-1 to adopt Resolution No. 699-06 endorsing the 2006 Development Plan, subject to the terms and conditions of Resolution No. 699-06.

L. The 2006 Development Plan was updated pursuant to the Update to Development Plan and Term Sheet (the "**Development Plan Update**) that (i) the TICAB voted 15 to 1, with one abstention, to endorse on April 6, 2010, (ii) the Authority Board voted 7 to 0 to endorse on April 7, 2010, and (iii) the Board of Supervisors voted 11 to 0 to endorse on May 18, 2010. The 2006 Development Plan and the Development Plan Update are collectively referred to in this Agreement as the "**Development Plan**."

M. On October 13, 2007, the Governor approved SB 815 (Migden) and on October 11, 2009, the Governor approved SB 833 (Leno). SB 815 and SB 833 both amended the Treasure Island Public Trust Exchange Act (as amended, the "**Exchange Act**"), which is the State legislation authorizing an exchange of Public Trust lands between Treasure Island and Yerba Buena Island, to be consistent with the proposed reuse and development program for the Project Site.

N. On September 26, 2008, the Governor approved AB 981 (Leno), which authorized (i) the creation of the Treasure Island Transportation Management Agency ("**TITMA**"), (ii) implementation of a congestion management pricing program as part of the redevelopment of NSTI, and (iii) collection and distribution of parking, transit pass and congestion management pricing revenues as part of an overall transit demand management program for the proposed redevelopment of NSTI.

O. The United States of America, acting by and through the Department of the Navy ("**Navy**"), and the Authority have negotiated an Economic Conveyance Memorandum of Agreement (as amended and supplemented from time to time, the "**Conveyance Agreement**") that governs the terms and conditions for the transfer of NSTI from the Navy to the Authority. Under the Conveyance Agreement, the Navy will convey NSTI to the Authority in phases after the Navy has completed environmental remediation and issued a Finding of Suitability to Transfer ("**FOST**") for specified parcels of NSTI or portions thereof.

P. The Development Plan contemplated that a Redevelopment Plan would be adopted under CCRL for NSTI, and the Project Site would be included in a Redevelopment Project Area. The Development Plan also contemplated that tax increment financing as provided in CCRL would be available to finance certain costs related to the Project Site. As a result of potential changes to CCRL, the Parties have determined to proceed with development of the Project Site using the Infrastructure Financing District ("**IFD**") mechanism provided under the Infrastructure Financing District Act (California Government Code Section 53395 et seq.) ("**IFD Act**"), as amended from time to time.

Q. The purpose of this Agreement is to provide for the disposition and development of the Project Site after the Navy's transfer of NSTI to the Authority in accordance with the Conveyance Agreement. This Agreement provides for a mixed-use development that is in furtherance of the Reuse Plan, the Development Plan and the TIHDI Agreement, and is consistent with the City's General Plan and the Eight Priority Planning Policies.

R. The Project, which is more particularly described in Section 1 has been presented and reviewed by the Treasure Island community and other stakeholders at numerous public meetings, including those held before the Authority Board, the TICAB, the Board of Supervisors, the Planning Commission and in other local forums.

S. This Agreement describes those elements of the Project that Developer is permitted, and in some cases obligated, to construct. As described in Section 1.4 below, this Agreement contemplates that certain proposed improvements will be developed by parties other than Developer.

T. The Project Site has a unique and special importance to the Authority and to the City because of its location, the nature of the improvements and the uses contemplated for the Project Site. The Authority desires to advance the socioeconomic interests of the City and its residents by promoting the productive use of underdeveloped, former military base property and encouraging quality development and economic growth, thereby enhancing housing and employment opportunities for residents and expanding the City's property tax base. The Authority also desires to obtain the community benefits of the Project, which are in addition to those dedications, conditions and exactions required by laws or regulations, and which advance the reuse and development objectives of the Authority and provide benefits to the City and its residents.

U. The Authority has determined that by entering into this Agreement: (i) the Authority will ensure the productive use of underdeveloped, former military base property and foster orderly growth and quality development of the Project Site; (ii) development will proceed in accordance with the goals and policies set forth in the Reuse Plan, the Development Plan, the General Plan and the City's Eight Priority Planning Principles; (iii) over time, the City will receive substantially increased tax revenues; (iv) the City will benefit from increased economic development and employment opportunities that the Project will create for City residents; and (v) the City will receive the community benefits that the Project will provide for City residents. The Project proposed under this Agreement and the fulfillment generally of this Agreement (A) are in the best interests of the Authority, the City, and the health, safety, morals and welfare of its

residents; and (B) are in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

V. The residential component of the Project will consist of a maximum of 8,000 Residential Units including a minimum of 2,000 below market rate units. The below market rate units, constituting a minimum of 25% of the total number of Residential Units, are an integral part of the development meeting the varied housing needs of the community. Development of both the market rate and the below market rate units is essential to the feasibility and completion of the reuse and development of NSTI.

W. The City and the Authority have analyzed potential environmental impacts of the Project and identified mitigation measures in the Environmental Impact Report for Treasure Island and Yerba Buena Island (the "**Project EIR**") and a Mitigation Monitoring and Reporting Program attached hereto as Exhibit C (the "**Project MMRP**"), in accordance with the requirements of CEQA. On April 21, 2011, the Planning Commission and the Authority Board certified the Project EIR.

X. The Parties wish to enter into this DDA to set forth the terms and conditions under which the Project will be developed.

AGREEMENT

ACCORDINGLY, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, Developer and the Authority agree as follows:

1. The Project.

1.1 Overview. This DDA contemplates a project (the "**Project**") under which the Authority acquires the Project Site from the Navy and conveys portions of the Project Site to Developer for the purposes of (i) alleviating blight in the Project Site through development of Improvements consistent with the Development Requirements, (ii) geotechnically stabilizing the Project Site, (iii) constructing Infrastructure and Stormwater Management Controls to support the Project and other proposed uses on NSTI, such as roads and utilities, and including Infrastructure and Stormwater Management Controls to support the construction of Affordable Housing Units, (iv) constructing and improving certain public parks and open spaces, (v) remediating certain existing Hazardous Substances, and (vi) selling and ground leasing Lots to Vertical Developers who will construct Units and commercial and public facilities thereon, all as more particularly described in this DDA.

1.2 Vertical Disposition and Development Agreements and Lease Disposition and Development Agreements. This Agreement grants to Developer (i) the right to acquire portions of the Project Site and (ii) the right, and upon the satisfaction of certain conditions, the obligation, to develop the Infrastructure and Stormwater Management Controls and the Required Improvements. While this Agreement applies primarily to Infrastructure and Stormwater Management Controls, it also includes certain terms and conditions that will apply to Vertical Improvements. In connection with the sale of Lots to Vertical Developers in accordance with Article 17, Developer, the Authority and each Vertical Developer will enter into a Vertical

Disposition and Development Agreement (**"Vertical DDA**") for Lots that are not subject to the Public Trust. Because Public Trust property may not be sold in fee, development of certain of the Public Trust Parcels will be subject to a Lease Disposition and Development Agreement ("**Vertical LDDA**") that sets forth the terms under which the applicable Public Trust Parcels will be developed for commercial purposes in accordance with Article 17 below. For clarity, the Vertical DDA and the Vertical LDDA, as applicable, will include all of the terms and conditions that will apply to Vertical Improvements, and they will incorporate by reference certain Attachments and Exhibits to this Agreement that will apply to both Infrastructure and Stormwater Management Controls and Vertical Improvements.

1.3 Improvements. The primary Improvements constituting the Project are listed below and are more particularly described in the Land Use Plan, the Infrastructure Plan, the Parks and Open Space Plan, the Transportation Plan, the Community Facilities Plan, the Housing Plan, the Schedule of Performance, the Phasing Plan, the SUD and the Design for Development. Developer and Vertical Developers shall design, construct and complete the Infrastructure and Stormwater Management Controls and the Vertical Improvements, and Qualified Housing Developers shall design, construct and complete the Authority Housing Units, all at the times and subject to the conditions set forth in this DDA and the Vertical DDA/LDDAs, as applicable. In accordance with the terms of this DDA and the Vertical DDA/LDDAs, Developer and Vertical Developers shall have the right and, with regard to certain Improvements identified in this DDA and upon the satisfaction of certain conditions set forth in this DDA, the obligation, to develop the Project shown on the Land Use Plan attached hereto as Exhibit D, in accordance with the Development Requirements, including, without limitation, the Project components listed below, excepting certain improvements to be constructed on NSTI, including the Project Site, for which Developer is not responsible as described in Section 1.4 hereof.

(a) Geotechnical stabilization of certain portions of Treasure Island and the causeway connecting it to Yerba Buena Island, and addition of fill to raise the surface elevation on those portions of Treasure Island that are to be developed to address flood protection and potential future sea level rise as more particularly described in the Infrastructure Plan;

(b) Up to 6,316 Developer Residential Units, of which approximately 5% percent will be Inclusionary Units constructed in accordance with the Housing Plan attached hereto as Exhibit E and more specifically defined in Exhibit A (the "**Housing Plan**") (with up to an additional 1,684 below market rate Residential Units to be designed, constructed and completed by Qualified Housing Developers on behalf of the Authority and TIHDI in accordance with the Housing Plan), provided however, that the total percentage of below-market rate Residential Units, including Inclusionary Units, may be adjusted upwards from 25% to 30% in accordance with Article 9 of the Housing Plan;

(c) Up to approximately 140,000 square feet of new commercial and retail space with accessory parking;

(d) Up to approximately 100,000 square feet of new office space with accessory parking;

(e) Adaptive reuse of Buildings 1, 2, and 3 on Treasure Island with up to 311,000 square feet of commercial/flex space (the adaptive reuse would include approximately 67,000 square feet of additional retail, which, when combined with the 140,000 square feet of new retail, yields a total of 207,000 square feet of retail space proposed on the Islands) with accessory parking;

(f) Adaptive reuse of certain of the historic buildings on Yerba Buena Island;

(g) Up to approximately 500 hotel rooms or Fractional Interest Units;

(h) New and/or upgraded public and community facilities, including a new joint police/fire station and funding for upgraded school facilities on Treasure Island, and Developable Lots for the development by Authority or third parties of the Treasure Island Sailing Center, an Environmental Education Center and other community facilities, as more particularly described in the Community Facilities Obligations attached hereto as Exhibit F;

(i) New and/or upgraded public utilities, including the water distribution system, wastewater collection system, recycled water storage and distribution system, storm water collection and Stormwater Management Controls, Developable Lots to accommodate the Wastewater Treatment Facility and other SFPUC improvements, as more particularly described in the Infrastructure Plan;

(j) Up to approximately 300 acres of parks and public open space, as more particularly described in the Parks and Open Space Plan;

(k) New and/or upgraded streets and public ways as more particularly described in the Infrastructure Plan;

(l) Bicycle, transit, and pedestrian facilities as more particularly described in the Infrastructure Plan;

(m) Landside services for the Marina as more particularly described in the Infrastructure Plan and Section 8.3 hereof, and

(n) A ferry quay/bus intermodal transit center ("**Transit Hub**") as more particularly described in the Infrastructure Plan; and

(o) Such additional environmental remediation work more particularly described in the Infrastructure Plan after issuance of one or more FOST(s) for the Project Site.

The Parties acknowledge and agree that the density and intensity of development as set forth in this Section 1.3 form the basis of Developer's financial expectations for the Project and the Proforma. The particular land uses and locations are shown in the Land Use Plan and defined more particularly in the SUD, the Area Plan and the Design for Development. Design controls governing the Project are set forth in the SUD and Design for Development. The Land Use Plan is provided for the purposes of indicating the general type, pattern and location of development as shown, but shall not be construed as a regulating document with regard to land

uses or development standards, both of which are regulated and controlled by the Area Plan, SUD and the Design for Development.

1.4 Project Development. The Project contemplates the development of improvements within NSTI, including the Project Site, by parties other than Developer and Vertical Developers entering into Vertical DDA/LDDAs with Developer and the Authority. Such other improvements include (i) the Authority Housing Units to be developed by Qualified Housing Developers, as more particularly described in the Housing Plan, (ii) the Marina to be developed by the Marina Developer as a separate project in accordance with a separate Disposition and Development Agreement between the Authority and the Marina Developer, (iii) elements of the parks and open space system as described in the Parks and Open Space Plan (including without limitation, the regional sports facilities), (iv) the Wastewater Treatment Facility to be developed by the San Francisco Public Utilities Commission ("**SFPUC**"), as described in the Infrastructure Plan, and (vi) those projects as more particularly described in the Community Facilities Obligations for which Developer is obligated to provide a Developable Lot but which are to be transferred by the Authority to other Vertical Developers.

1.5 Developer's Role Generally. Except as otherwise described in Section 1.4, Developer shall be the master developer for the Project, orchestrating development of the Project Site in cooperation with the Authority, the City, Vertical Developers, TIHDI, Qualified Housing Developers, the Marina Developer and others. Developer has the right and obligation to develop Major Phase 1 (the "**Initial Major Phase**"), and to develop the remaining Major Phases itself or to assign the development rights to third parties subject to the further terms and conditions of this Agreement. However, in addition to the Developer's rights and obligations under this DDA attendant to each Major Phase and its related Sub-Phases, Developer, as the "**Master Developer**", remains obligated to Authority throughout all Major Phases for payment of Authority Costs, City Costs, Subsidies and the Navy Payment (collectively, the "**Financial Obligations**"), and (ii) development of each of those items identified on the Schedule of Performance attached hereto under the heading of "Community Facility."

1.6 Development Process Generally. As more particularly described in Article 3, the Project will be developed in a series of Major Phases, and within each Major Phase in a series of Sub-Phases, under the following process, as and to the extent required under this DDA, the DRDAP and the Vertical DDA/LDDAs.

(a) a Substantially Complete Major Phase Application must be submitted to the Authority for each Major Phase before the applicable Outside Date;

(b) Each Major Phase Application shall include a Site Plan showing proposed Sub-Phases within the applicable Major Phase;

(c) following (or simultaneously with) a Major Phase Approval, Developer shall submit a Sub-Phase Application to the Authority for each Sub-Phase within that Major Phase before the applicable Outside Date, which Sub-Phase Application shall be a Complete or Substantially Complete Sub-Phase Application;

(d) following (or simultaneously with) submittal of each Sub-Phase Application, Developer shall seek approvals of Tentative Subdivision Maps for the development of that Sub-Phase in accordance with the Treasure Island/Yerba Buena Island Subdivision Code (each a "**Tentative Subdivision Map**");

(e) following each Sub-Phase Approval, approval of the applicable Tentative Subdivision Map and satisfaction (or waiver) of the conditions for conveyance as more particularly set forth in Article 10 hereof, the Authority shall convey certain real property it owns or acquires within the Sub-Phase to Developer and Developer shall Commence and Complete the Infrastructure and Stormwater Management Controls and Required Improvements for that Sub-Phase before the applicable Outside Dates;

(f) following recordation of a Final Subdivision Map obtained in accordance with the Treasure Island/Yerba Buena Island Subdivision Code, Developer shall seek to Transfer each Lot to a Vertical Developer, which may include Developer and its Affiliates to the extent permitted under Article 17 and Section 21.3 below, for the construction of Vertical Improvements, and in connection with such Transfer enter into a Vertical DDA and/or Vertical LDDA with such Vertical Developer;

(g) if not previously obtained, each Vertical Developer shall obtain a Vertical Approval for the proposed Vertical Improvements on the Lot it acquires; and

(h) each Vertical Developer shall have the right to proceed with the construction of Vertical Improvements consistent with its Vertical Approval, its Vertical DDA and/or Vertical LDDA and the Development Requirements.

1.7 Proportionality. Because the Project will be built over a long time period, the Parties have carefully structured the amount and timing of public and community benefits to coincide with the amount and timing of the development of Market Rate Units and other commercial opportunities. The public and community benefits have been described and apportioned as set forth in (i) the Phasing Plan and the Schedule of Performance, with respect to the Associated Public Benefits for each Major Phase and Sub-Phase, (ii) the Housing Plan, with respect to the delivery of the Authority Housing Lots, the production of Inclusionary Units and the delivery of the Developer Housing Subsidy described therein and in Section 13.3.4 hereof, (iii) the Infrastructure Plan with respect to the Completion of Infrastructure and Stormwater Management Controls; (iv) the Parks and Open Space Plan, with respect to the Completion of parks and open space and subsidy payments described in Section 13.3.1 hereof; (v) the Transportation Plan Obligations, with respect to certain transportation improvements, benefits and subsidy payments described in Section 13.3.2 hereof; (vi) the Community Facilities Obligations, with respect to certain community facilities and subsidy payments described in Section 13.3.3 hereof; and (vii) the Transition Housing Rules and Regulations, with respect to the provision of certain transition housing benefits described therein. If Developer or a Vertical Developer requests changes to the amount or timing of public and community benefits as set forth above in any Application, then such changes shall be subject to the Approval of the Authority Director or Authority Board in accordance with the DRDAP and Section 3.6 below.

1.8 Phase Boundaries; Associated Public Benefits; Order of Development.

(a) The preliminary boundaries of Major Phases and Sub-Phases are set forth in the Phasing Plan. Developer may request changes to the boundaries of any Major Phase or Sub-Phase, which changes will be subject to the Approval of the Authority as set forth in the DRDAP and Section 3.6 below.

(b) "**Associated Public Benefits**" are public parks, open space, Required Improvements, affordable housing obligations and other public and community benefits as described in the Phasing Plan, Housing Plan and the Schedule of Performance that Developer must Complete on or before the applicable Outside Date. Developer may request changes to the Associated Public Benefits for any Major Phase or Sub-Phase consistent with the principle of proportionality set forth in Section 1.7, which changes will be subject to the Approval of the Authority as set forth in the DRDAP.

(c) Major Phase Applications and Sub-Phase Applications must be submitted in the order described in Section 3.5. Developer may request changes to such order, which changes will be subject to the Approval of the Authority as set forth in Section 3.6 and the DRDAP.

1.9 Schedule of Performance/Expiration of Schedule of Performance. This DDA contemplates that the submission of Substantially Complete Major Phase Applications and Sub-Phase Applications, the Commencement and Completion of Infrastructure and Stormwater Management Controls within Sub-Phases, the Commencement and Completion of the Required Improvements and certain other identified obligations will be Commenced or Completed by the applicable Outside Dates. Developer may request changes or additions to the Schedule of Performance, which changes will be subject to the Approval of the Authority as set forth in the DRDAP. For the convenience of the Parties, following a Transfer under this DDA, the Authority, Developer and the Transferee may agree to maintain a separate Schedule of Performance related to the obligations of such Transferee under this DDA. Any such separate Schedule of Performance will be maintained by the Authority in accordance with Section 28.35. Notwithstanding anything in this Section 1.9 or elsewhere in this Agreement, none of the Outside Dates in the Schedule of Performance shall apply to Developer's obligations under this Agreement from and after Completion by Developer of all items identified in the Schedule of Performance as "Community Facilities" and payment in full of the Subsidies and the Navy Payment.

2. Term of this DDA. The term of this DDA (the "**Term**") shall commence upon the Effective Date and shall terminate, unless earlier terminated as provided below, on the date that is the earlier of: (i) the thirtieth (30^{th}) anniversary of the Effective Date; and (ii) the last Certificate of Completion for the Project (including all Improvements contemplated under this DDA as of the Reference Date or Approved by the Authority at any time thereafter). This DDA shall also terminate, in whole or in part, to the extent provided under Section 3.8, Article 10, Section 11.4, and Article 16. Upon Developer's request, the Authority shall cause the lien of this Agreement to be released as to a particular Lot concurrently with the first sale of that Lot to a Vertical Developer, to be replaced by Vertical DDA/LDDA(s) in accordance with Section 4; provided, that (i) such Vertical DDA/LDDA may include the obligation to complete Transferable

Infrastructure (or, with Authority approval, other Infrastructure and Stormwater Management Controls) that has not been completed as of the first sale of the Lot, but (ii) Developer shall not be released of its obligation under this DDA to complete such Infrastructure and Stormwater Management Controls. Indemnities and other obligations that are intended to survive partial release, expiration or termination will survive any partial release, expiration or termination.

3. Project Phasing.

3.1 Phased Development Generally. The Project Site has been divided into four (4) "**Major Phases**" and, within each Major Phase, various "**Sub-Phases**", each of which is conceptually illustrated on the Phasing Plan. Subject to the terms and conditions in this DDA, the Authority shall convey portions of the Project Site owned or acquired by the Authority as provided in this DDA to Developer, and such portions shall be developed by Developer in phases under this DDA.

3.2 Phasing Goals. The phasing goals of the Project are intended to achieve an economically feasible project while balancing a number of competing interests, including ensuring that (i) the Associated Public Benefits are provided proportionately with the development of the Market Rate Units and in accordance with the Development Requirements; (ii) public right of ways, Infrastructure and Stormwater Management Controls are developed in an orderly manner consistent with the Infrastructure Plan, finished portions of the Project are generally contiguous, and isolated pockets of development are not surrounded by construction activity; (iii) the amount of Infrastructure and Stormwater Management Controls constructed is appropriate for the amount of Vertical Improvements constructed and the need to provide continuous reliable service to existing residents and businesses; (iv) unsold inventory of Market Rate Lots is minimized; (v) development can respond effectively to the Navy's schedule for environmental remediation or the Navy's conveyances of real property to the Authority; (vi) the returns to the Authority, the Navy and Developer are maximized; (vii) the value of the Project is maximized in order to maximize the public and community benefits that the Project can deliver; and (viii) the phases can be adjusted to respond to market conditions, cost and availability of financing and economic feasibility (collectively, the "**Phasing Goals**").

3.3 Major Phases. The Parties intend that Major Phases allow for planning of large mixed-use areas or neighborhoods within the Project Site. The Authority's consideration and Approval of each Major Phase Application in the manner set forth in the DRDAP (each, as amended from time to time, a "**Major Phase Approval**") is required before, or concurrently with, the Authority's consideration of and grant of a Sub-Phase Approval for any Sub-Phase in that Major Phase.

3.4 Sub-Phases. The Parties intend that Sub-Phases allow for more detailed planning of smaller-scale areas within the Major Phase, subject to adjustment in accordance with the DRDAP and Section 3.6 below. Sub-Phase boundaries shall correspond to the boundaries in the applicable Tentative Subdivision Map or as otherwise set forth in the Sub-Phase Approval. The Authority's consideration and Approval of each Sub-Phase Application in the manner set forth in the DRDAP (each, as amended from time to time, a "**Sub-Phase Approval**") is required before (i) the Authority's consideration and grant of Approval of any Vertical DDAs/LDDAs for that Sub-Phase and (ii) the submittal of an Application to the Planning Department for a Vertical

Approval for any Vertical Improvements for that Sub-Phase in accordance with the Vertical DDA/LDDAs.

3.5 Applications for, Approval of and Sequencing of Major Phases and Sub-Phases. During the Term, Developer shall apply for, and the Authority shall consider and grant or deny Approvals of, Major Phases and Sub-Phases in the manner and subject to the terms and conditions set forth in this DDA and the DRDAP. Applications for Major Phase Approvals (each, a "**Major Phase Application**") and for Sub-Phase Approvals (each, a "**Sub-Phase Application**") shall be submitted on or before the Outside Dates in the order set forth in the Phasing Plan (as the same may be updated from time to time as provided in Section 3.6 below). The "**Initial Sub-Phases**" collectively refer to the first two Sub-Phases on Treasure Island (Sub-Phase 1A and Sub-Phase 1B) and the first Sub-Phase on Yerba Buena Island (Sub-Phase YA), as described in the first Sub-Phase Application. The Initial Sub-Phases must include the Developable Lots on which the Replacement Housing Units triggered by the demolition of any existing housing units in the Initial Major Phase will be constructed as described in the Housing Plan. Developer shall submit Sub-Phase Applications for the Initial Sub-Phases on or before the applicable Outside Date set forth in the Schedule of Performance.

3.6 Changes to Phasing Plan. The Phasing Plan illustrates the size, order and duration of the Project's Major Phases and Sub-Phases given the Phasing Goals described above, and the parties' best estimates of the conditions forecast for the expected development period. The parties acknowledge and agree that many factors, including, but not limited to, general economic conditions, the local housing market, capital markets, general market acceptability, the adequacy of on-island services, and local tax burdens will determine the rate at which various Product Types within the Project can be developed and absorbed. Developer may request changes to the Phasing Plan (including changes to the Schedule of Performance that are necessary to reflect the revised phasing) consistent with the Phasing Goals as part of each Major Phase Application and/or Sub-Phase Application, and any such requested changes will be subject to the Approval of the Authority in accordance with the DRDAP. In determining whether to grant its Approval of the updated Phasing Plan (including changes to the Schedule of Performance that are necessary to reflect the revised phasing), the Authority may consider whether the updated Phasing Plan is consistent with the Phasing Goals; provided, however, with respect to a requested change in the order of Sub-Phases within a Major Phase, the Authority shall Approve such change if it reasonably determines that (i) the Associated Public Benefits will be developed proportionately with the development of the Market Rate Units and in accordance with the Development Requirements; (ii) the change in order will not impair the ability to comply with the Replacement Housing Obligation or any of the Authority's obligations under the TIHDI Agreement, the Transition Housing Rules and Regulations or the Public Trust Exchange Agreement; (iii) the development of the public right of ways, Infrastructure and Stormwater Management Controls will be orderly, finished portions of the Project will be generally contiguous, and isolated pockets of development will not be surrounded by construction activity; and (iv) the amount of Infrastructure and Stormwater Management Controls constructed is appropriate for the amount of Vertical Improvements constructed and the need to provide continuous reliable service to existing residents and businesses. The Authority also may request changes to the order of Major Phase Applications and Sub-Phase Applications, and any such requested changes will be subject to the Approval of Developer in its sole and absolute discretion. In determining whether to grant its Approval of such requested changes,

Developer may consider, among other matters, how such changes would affect Project Costs and ability to achieve the Developer Return.

3.7 Phasing of Conveyances to Developer. Following the Approval of a Sub-Phase Application and the applicable Tentative Subdivision Map and the satisfaction (or waiver by the Authority) of all conditions to the Authority's obligation to convey real property to Developer as set forth in Article 10, the Authority shall either (i) convey to Developer all or a portion of the property the Authority owns (or acquires as contemplated herein) that is part of that Sub-Phase, other than the "**Public Property**," which includes, without limitation, the Authority Housing Lots, the Community Facilities Lots, the Open Space Lots, the Police and Fire Station Lot, the Wastewater Treatment Facility Lot, the PUC Lot, the School Lot, the Sailing Center Lot, the Delancey Street Life Learning Center Lot (as all of the foregoing Lots are generally shown on Exhibit G attached hereto), the Submerged Lands and the public right of ways and other real property intended to be owned permanently by Governmental Entities, or (ii) upon the mutual agreement of Developer and the Authority, convey to Developer all or a portion of the property the Authority owns (or acquires as contemplated herein) that is part of that Sub-Phase (other than the Public Trust Parcels), subject to Developer's obligation to convey the Public Property back to the Authority as it directs. If Authority conveys any of the Public Property to Developer, then any conveyance of such Public Property from Developer back to the Authority shall be free and clear of any title exceptions or encumbrances other than those (1) that existed at the time of the conveyance from the Authority to Developer, (2) permanent recorded restrictions or covenants that are required as a part of Developer's obligations hereunder (and not including any mechanics or other liens or security instruments) or under the Development Requirements, (3) for ad valorem property taxes or assessments related to the period after Developer's ownership, or (4) requested by the Authority. All mapping and legal descriptions required for conveyances from the Authority to Developer under this DDA shall be prepared by Developer and Approved by the Authority Director and the Director of the Department of Public Works consistent with the Treasure Island/Yerba Buena Island Subdivision Code. Developer shall be responsible for all closing costs described in Section 10.4.3, including any title insurance premiums for a title insurance policy obtained by the Authority, with respect to such Public Property conveyances.

3.8 Effect of Failure to File Major Phase or Sub-Phase Applications in a Timely Manner; Right of the Authority to Offer Development Opportunity to Others.

3.8.1 If Developer fails to submit a Substantially Complete Major Phase or Sub-Phase Application to the Authority by the applicable Outside Date, then the Authority may notify Developer that the Authority intends to terminate Developer's right to obtain Approval of such Substantially Complete Major Phase or Sub-Phase Application and some or all future Major Phase Applications and Sub-Phase Applications. If Developer does not respond to such notice by filing the overdue Substantially Complete Major Phase Application or Sub-Phase Application within ninety (90) days after receipt of such notice, the Authority may set a date for a public meeting on such termination and notify Developer of the meeting date, after which the Authority may, with the Approval of the Authority Board following the public meeting (and subject to Section 3.8.2), (i) terminate Developer's rights to obtain Approval of such Major Phase Application or Sub-Phase Application, and (ii) terminate Developer's right to submit all future Major Phase Applications and Sub-Phase Applications, in each case by notifying

Developer before the date that Developer submits such overdue Major Phase Application or Sub-Phase Application. Upon any such termination, Developer's rights and obligations under this DDA for the affected real property shall, subject to Section 3.8.2, terminate and the Authority shall have the right to record a Notice of Termination as set forth in Section 28.36.

3.8.2 The Parties acknowledge that Project Site development will take place over many years and that the circumstances affecting such development may change during that period. Excluding the Initial Major Phase, if Developer reasonably determines that the development of any Major Phase or Sub-Phase in accordance with this DDA has become commercially infeasible for reasons other than the financial condition of Developer, then before the applicable Outside Date for Developer's submission of a Substantially Complete Major Phase or Sub-Phase Application, Developer may notify the Authority that Developer is willing to proceed with the applicable Major Phase Application or Sub-Phase Application only if the Authority agrees to specified changes to the requirements of this DDA to make the proposed development commercially feasible (the "**Requested Change Notice**"). The Requested Change Notice shall include a detailed description of all the terms and conditions of this DDA that Developer proposes to change and the reasons why Developer believes that development is infeasible without the proposed changes. If Developer submits a Requested Change Notice and there is no uncured Material Breach by Developer (other than the failure to submit a Substantially Complete Major Phase or Sub-Phase Application with reference to the Major Phase or Sub-Phase as to which a Requested Change Notice is timely given), then the Authority shall not terminate all or any part of this DDA under Section 3.8.1 until the Parties have negotiated proposed changes to this DDA for a period of not less than nine (9) months, subject to any extensions agreed to by Developer and the Authority (each in its sole discretion) and subject to Developer's cure of any then-existing Events of Default within the required cure period (other than the failure to submit a Substantially Complete Major Phase or Sub-Phase Application with respect to the Major Phase or Sub-Phase as to which a Requested Change Notice is given). If the Authority staff and Developer are able to agree to changes, then they shall promptly prepare a proposed amendment to this DDA, including an extension of the Schedule of Performance permitting Developer a reasonable time to submit Applications or amend existing Applications, for review and consideration by the Authority Board. Any such changes shall be subject to the Approval of the Authority in its sole and absolute discretion, following, if required, additional environmental analysis and review. The City, through its Board of Supervisors, in approving this DDA, has delegated to the Authority the power to make such modifications as are necessary and desirable to amend this DDA in accordance with this Section 3.8.2; provided, however, Material Modifications to this DDA shall require the approval of the Board of Supervisors, which the Board of Supervisors may give or withhold in its sole and absolute discretion. If the Authority staff and Developer are unable to agree on the changes to this DDA within the time period set forth above, or if either the Authority Board or the Board of Supervisors to the extent required does not Approve the proposed changes to this DDA, then the Authority may exercise its termination rights as set forth in Section 3.8.1.

3.8.2.1 Notwithstanding Section 3.8.2, Developer has reasonably determined in accordance with Section 3.8.2 that development of the Project in accordance with this Agreement with the level of Infrastructure and Associated Public Benefits required hereunder requires a change to the IFD Act that would increase the availability of tax increment for Project Infrastructure and Associated Public Benefits, including affordable housing. In

recognition thereof, commencing on the Reference Date, the Authority and Developer shall use diligent and good faith efforts to obtain State legislation to change the existing IFD Act to extend the date by which all tax allocation to any IFD formed on the Project Site will end, from 30 years from the adoption of the ordinance forming the IFD under the existing IFD Act to 40 years from that date under the amended IFD Act (the "**IFD Amendment**").

If the IFD Amendment has not occurred by the later of (i) five (5) years from the Effective Date or (ii) the Initial Closing under the Conveyance Agreement, then the provisions of Section 3.8.2 shall apply; provided, however, that any changes agreed upon by Developer and Authority staff in response to a renegotiation under this Section 3.8.2.1 shall be subject to the Approval of the Authority, not to be unreasonably withheld, and the Board of Supervisors in its sole and absolute discretion.

3.8.3 If Developer's right to submit Major Phase Applications or Sub-Phase Applications is terminated under Section 3.8.1 (following compliance with Section 3.8.2, if applicable), the Authority may in its sole discretion offer the development opportunity that was terminated (the "**Development Opportunity**") to other qualified developers under a request for proposals or other process determined by the Authority in its sole discretion. The Authority may require that the Development Opportunity conform to the material requirements of this DDA with respect to the applicable real property or may make such changes to the Development Opportunity as the Authority determines are appropriate under the circumstances; provided, that (i) if the Authority offers the Development Opportunity to others following termination under Section 3.8.1, the Authority must do so as part of an open and competitive process and, so long as Developer is not in Material Breach, Developer shall have the right to participate in the competitive process, and (ii) in formulating the Development Opportunity, the Authority will not permit uses that are incompatible with Developer's development rights under any portion of this DDA that has not been terminated. So long as the Authority offers the Development Opportunity under an open and competitive process that is consistent with the foregoing sentence and does not exclude Developer's participation as set forth above, Developer shall have no right to challenge, limit or contest the Authority's process or the offering of the Development Opportunity to others as set forth in this Section 3.8.3.

3.8.4 Upon any termination under Section 3.8.1, (i) the termination shall be without any cost reimbursement or other obligation to Developer except as provided in Sections 3.8 and 6.3 of the Financing Plan, and (ii) the Authority shall release Developer from all obligations that relate to the terminated portions of this DDA, including all Infrastructure and Stormwater Management Controls obligations and Associated Public Benefits that relate to the Major Phases or Sub-Phases at issue, but excluding any indemnities, Financial Obligations or other obligations that survive termination.

3.8.5 All references to "Developer" in this Section 3.8 shall be deemed to include all Affiliates of Developer, if applicable, but shall not include Third Parties.

3.9 Proforma, Summary Proforma and Proforma Updates. As of the Effective Date, Developer has prepared initial projections of its Project Costs and anticipated sources and uses of funds to pay Project Costs (as revised by Developer from time to time, the "**Proforma**") and Developer has delivered to the Authority a copy of the Proforma. The Proforma has been

placed on file at the Authority. Attached hereto as Exhibit S is a Summary Proforma that meets the requirements of Section 5.9.2 of the Conveyance Agreement. At the time Developer submits each Major Phase Application and Sub-Phase Application to the Authority, Developer shall deliver to the Authority for the Authority's Approval, with a copy to the Navy, an updated Proforma and updated Summary Proforma, in substantially the same form as the original Proforma and the Summary Proforma, respectively. In reviewing any Proforma, or Summary Proforma, the Authority will have the right to request that Developer provide additional documents or other information that is reasonably required to support its projections, methodology, and underlying assumptions.

4. Vertical DDA and Vertical LDDAs; Vertical Approvals.

4.1 Vertical DDAs and Vertical LDDAs. Following recordation of a Final Subdivision Map and Developer has Completed, or provided Adequate Security to the Authority for the Completion in accordance with the Schedule of Performance of, the Infrastructure and Stormwater Management Controls required by the Infrastructure Plan to service a particular Lot, Developer shall seek to Transfer Lots in accordance with Article 17 and enter into a Vertical DDA and/or Vertical LDDA with each Vertical Developer (including Developer and Affiliates of Developer) and the Authority that must be in substantially the form of the Vertical DDA or the Vertical LDDA to be Approved by Developer and the Authority prior to Developer's submittal of the first Major Phase Application. As a condition of Approval for the Initial Major Phase Application, the Parties shall have agreed upon the form of the Vertical DDA to be appended hereto as Exhibit H, and the form of Vertical LDDA to be appended hereto as Exhibit I (the "**Approved Vertical DDA Form**" and the "**Approved Vertical LDDA Form**", or collectively, the "**Approved DDA/LDDA Form**"), and the form of Ground Lease, as referenced in Section 10.1.2 hereof, to be appended hereto as Exhibit M ("**Ground Lease**"). Each Vertical DDA/LDDA must include (a) a legal description of the Lots subject to the Vertical DDA/LDDA; (b) a detailed description of the Vertical Developer's rights and obligations, including but not limited to the assumption by Vertical Developer of applicable obligations under the Community Facilities Obligations; (c) any obligations under this DDA that are assumed by Vertical Developer and, if applicable, from which Developer will be released; (d) the Indemnification obligations and releases of Vertical Developer as set forth in Article 11 and in the Developer Consent attached to the Interagency Cooperation Agreement; (e) if such Lots will contain Community Facilities Space, an undertaking by Vertical Developer to construct the applicable Community Facilities Space in accordance with the Community Facilities Obligations; (f) if such Lots will contain a Residential Project, an obligation by Vertical Developer to construct the number of Inclusionary Units allocated to the Lot or Lots in the Vertical DDA pursuant to the Housing Plan, if and when the Vertical Improvements are constructed and comply with other applicable requirements of the Housing Plan; (g) an agreement and covenant by Vertical Developer not to challenge the enforceability of any of the provisions or requirements of this DDA or the Vertical DDA/LDDA, including, if such Lots will contain a Residential Project, an agreement and covenant by Vertical Developer for the benefit of the Authority and Developer regarding the non-applicability of the Costa-Hawkins Act as set forth in Section 10 of the Housing Plan; (h) if the Infrastructure and Stormwater Management Controls for the Lots are not Completed, either (A) an assumption of the obligation to Complete the Infrastructure and Stormwater Management Controls in accordance with the Schedule of Performance, or (B) if Developer is retaining the obligation to complete the Infrastructure and Stormwater Management

Controls, an assumption of the risk of non-Completion and a waiver and release for the benefit of the Authority and the City regarding any failure to Complete the Infrastructure and Stormwater Management Controls; (i) if applicable, the obligation to pay Excess Land Appreciation in accordance with Section 1.3(k)of the Financing Plan; (j) if the Vertical DDA/LDDA will allow the development of Fractional Interest Units, the Vertical DDA/LDDA must include a mechanism establishing a Transient Occupancy in-lieu fee running with the land, payable in the same manner and subject to the same terms and conditions as the City's Tax on Transient Occupancy of Hotel Rooms (San Francisco Business and Tax Regulations Code, Article 7 (as it may be amended from time to time)); (k) a requirement to pay the Art Fee and the Jobs-Housing Linkage Fee in accordance with the terms and conditions of the Vertical DDA/LDDA; (l) the maximum number of off-street parking spaces that may be permitted on each Lot subject to the Vertical DDA/LDDA; (m) a requirement that the Vertical Developer obtain the Authority's Approval of any proposed amendments to the Design for Development prior to submitting the proposed amendments to the Planning Department; (n) a prohibition on submitting Vertical Applications to the Planning Department until the Authority has approved the applicable Sub-Phase Application; (o) a requirement that the Vertical Developer comply with the applicable requirements of the Jobs EOP; (p) the obligation to comply with the applicable Mitigation Measures as and when required by the Project MMRP; (q) an agreement to cooperate in effecting any required boundary adjustments as described in Section 10.5 hereof; and (r) such other matters as are deemed appropriate by Developer and are Approved by the Authority Director. Each such Vertical DDA/LDDA must be in recordable form and shall be Approved by the Authority Director provided the Vertical DDA/LDDA is substantially in the form of the Approved Vertical DDA Form or the Approved Vertical LDDA Form, as applicable, and is consistent with this DDA and the Development Requirements. Notwithstanding the foregoing, if Developer is then in Material Breach of any of its obligations in the applicable Sub-Phase, the Authority Director may elect, in his or her sole discretion, not to Approve such Vertical DDA/LDDA unless (i) if the Material Breach relates to the payment of any Financial Obligations, Developer cures the Material Breach, and (ii) for other Material Breaches, the Vertical DDA/LDDA includes a condition precedent in Authority's favor, requiring Developer, Vertical Developer and the Authority to have executed escrow instructions for the applicable Lot directing the escrow holder to hold the sale or transfer proceeds, less Developer's reasonable and customary closing costs paid through escrow, in a segregated account until (A) the Material Breach is cured and the Authority instructs escrow holder to release the funds, or (B) the Authority or Developer obtains a final and unappealable judgment in its favor regarding the Material Breach and the funds to be released from escrow. The Vertical DDA/LDDA shall also require the escrow instructions to direct the escrow holder to release the withheld funds to the applicable party in accordance with any such final non-appealable judgment. Any Material Modifications to the forms of the Vertical DDA or Vertical LDDA must be Approved by the Authority Board in its sole and absolute discretion. If a Vertical DDA/LDDA requires the Vertical Developer to Complete specified items of Infrastructure and Stormwater Management Controls, the Authority shall reasonably consider (taking into account the ability of Developer to provide such access without crossing real property owned by the Authority) any request by the applicable Vertical Developer to enter into one (1) or more Permits to Enter with such Vertical Developer to provide necessary access to the Lot(s) by crossing real property owned by the Authority. On or prior to the closing of the Transfer of such Lot, Developer shall record the

Vertical DDA/LDDA in the Official Records and promptly following the closing shall deliver an original copy of the Vertical DDA/LDDA to the Authority.

4.2 Off-Street Vehicle Parking. Standards for off-street parking accessory to development of Vertical Improvements is governed by Planning Code Section 249.52 (the Treasure Island / Yerba Buena Island Special Use District) (the "**SUD**") and included in the Design for Development. As shown on Figure 10 of the SUD, the maximum number of off-street car parking spaces is 1 for each dwelling unit calculated on an aggregate basis for all dwelling units constructed within the Project Site, but in no event more than 8,000 residential accessory spaces. The SUD provides for varying ratios of commercial parking that is also calculated on an aggregate basis Project-wide, except for off-street parking accessory to the Marina, which will be allocated pursuant to a separate Disposition and Development Agreement between the Authority and the Marina Developer.

Although the parking ratio is set on an aggregate basis Islands-wide, Planning Code Section 249.52(g)(iv)(D)(iv) disallows any new off-street parking to cumulatively exceed the applicable ratios, taking into account both built and entitled but not-yet-built Vertical Improvements at the following increments: every 2,000 net new housing units and every 100,000 gross square feet of non-residential uses in new or rehabilitated buildings (each, a "**Development Increment**"); provided, however, that for the first two Development Increments, a 10% exceedance will be allowed. In order to ensure that no Vertical DDAs/LDDAs are approved that would cause these parking ratios to be exceeded, this Section of the DDA provides for a mechanism for the Authority to approve, and Developer to allocate, off-street parking for Vertical Development.

4.2.1 Major Phase Applications Parking Data.

(a) Information to be Provided. Developer shall submit to the Authority with each Major Phase Application, a Parking Data Table consistent with the requirements of the DRDAP. The Parking Data Table will include the following information at a minimum:

(i) the total number of off-street parking spaces to be allocated to the Major Phase;

(ii) for any Major Phase after the Initial Major Phase, the total number of off-street parking spaces allocated in previously approved Major Phase Applications that have not yet been built or for which a Notice of Special Restrictions or equivalent instrument consistent with Section 4.2.3(c) below has not been recorded (subsections 4.2.1(a)(i) and (ii) collectively, the "**Allocated Parking**");

(iii) for any Major Phase Application after the Initial Major Phase, the number of off-street parking spaces that have been built and for which a Notice of Special Restrictions or equivalent instrument consistent with Section 4.2.3(c) below has been recorded, showing the number of parking spaces actually developed (any such parking, the "**Developed Parking**");

(iv) taking into account previously Allocated Parking, Developed Parking and unallocated parking for Authority Housing Lots as agreed by the Parties in accordance with Section 7.3 of the Housing Plan, the number of parking spaces for each land use that Developer may construct within that Major Phase in order to comply with Section 249.52(g)(iv)(D)(iv) (the "**Development Increment Remainder Parking**"). In evaluating the Parking Data Table and authorizing Applications for Vertical Approvals to be submitted to the Planning Department, the number of Development Increment Remainder Parking spaces available shall not include any unused or unallocated parking associated with Authority Housing Lots unless and until Authority has determined that such spaces shall not be constructed or reallocated to other Authority Housing Lots and the Parties have reached agreement on their reallocation to Developer in accordance with Section 7.3 of the Housing Plan.

As of the date of the first Major Phase Application, the Development Increment Remainder Parking will include the total number of off-street parking spaces for each land use that Developer is permitted to construct under the SUD within the Project Site up to the applicable Development Increment. For subsequent Major Phases the Development Increment Remainder Parking will be determined by calculating the total number of spaces allowed in that Development Increment for each land use that Developer is permitted to construct minus all Allocated Parking for each land use. To the extent that all Lots in any prior Sub-Phase have been fully developed with Vertical Improvements, Development Increment Remainder Parking shall also include the number by which the Allocated Parking approved in the applicable Sub-Phase Application exceeds the Developed Parking in that completed Sub-Phase, if any. Development Increment Remainder Parking will also include any unallocated parking for Authority Housing Lots as agreed by the Parties in accordance with Section 7.3 of the Housing Plan.

(b) Review and Approval. The Authority shall review the information submitted by Developer in the Parking Data Table and shall approve the off-street parking proposed by Developer for a Major Phase unless the amount of off-street parking proposed for the Major Phase would exceed the balance of the Development Increment Remainder Parking by more than 10% for the first two Major Phases, and not exceed the balance of the Development Increment Remainder Parking by any amount for subsequent Major Phases.

4.2.2 Sub-Phase Applications Parking Data. Developer shall submit as part of each Sub-Phase Application an updated Parking Data Table that will indicate how many off-street parking spaces are to be allocated to Vertical Developers on each Lot that is part of the Sub-Phase, including any off-street parking spaces that will be provided outside of a Lot to be located in a centralized parking facility. For any Lot in the Sub-Phase that is allocated fewer off-street parking spaces than the maximum number that would be permitted based on the off-street parking ratios specified in the SUD for the uses proposed on the Lot, the Developer shall have the right to assign those unallocated parking spaces to other Lots in the Sub-Phase or to other Sub-Phases of that Major Phase. In no event shall the number of Developed Parking spaces in a Sub-Phase exceed the number of Allocated Parking spaces for the Sub-Phase.

4.2.3 Vertical Development.

(a) Each Vertical DDA/LDDA shall establish the maximum number of off-street parking spaces that may be permitted on each Lot subject to the Vertical DDA/LDDA. The maximum number of off-street parking spaces permitted on any single Lot shall be the number of Allocated Parking spaces for that Lot approved in the applicable Sub-Phase Application.

(b) Vertical Development will be subject to the design review and approval process set forth in Planning Code Section 249.52.

(c) Upon the issuance of a Certificate of Occupancy for each Vertical Improvement constructed pursuant to a Vertical DDA/LDDA, the Vertical Developer shall record a notice of special restrictions or equivalent instrument against the Lot on which the Vertical Improvement is located, permanently restricting the number of off-street parking spaces permitted on the Lot, whether self-park, valet, stacked or other space efficient means, to the lesser of the Allocated Parking or the Developed Parking on the Lot. Vertical Developer shall record the notice of special restrictions or equivalent instrument within forty-five (45) days following issuance of the Certificate of Occupancy for the Vertical Improvement. The obligations of this Section 4.2.3(c) shall also apply to the Authority with respect to Authority Housing Units constructed by or caused to be constructed by the Authority, TIHDI, or Qualified Housing Developers.

4.2.4 Authority Housing Units. Parking for Authority Housing Lots shall be allocated in accordance with Section 7.3 of the Housing Plan. As provided therein, within each Major Phase, if and to the extent the Authority or a Qualified Housing Developer (including a Qualified Housing Developer selected by TIHDI with Authority Approval) does not wish to construct the full allotment of Parking Spaces permitted on an Authority Housing Lot and does not wish to use this permitted allotment on another Authority Housing Lot or on other Authority property in the Major Phase, then Developer shall have the right to use the unused parking allotment for a Market Rate Lot subject to terms and conditions agreed upon by the Parties.

4.3 Vertical Applications and Approvals. Developer or Vertical Developers shall submit Vertical Applications in the manner set forth in the SUD. Before Commencing a Vertical Improvement, Vertical Developers shall have entered into a Vertical DDA/LDDA in accordance with Section 4.1 and obtained all required Vertical Approvals necessary to commence construction of such Vertical Improvement in accordance with the SUD and, to the extent applicable, the DRDAP.

4.4 Conditions for Vertical Approvals. The Authority Director shall have no obligation to grant a Vertical Approval on Public Trust property, or to authorize submittal of an Application for a Vertical Approval on non-Public Trust property to the Planning Department, unless and until (i) the Authority has first granted the applicable Sub-Phase Approval, (ii) Developer has Completed, or provided Adequate Security to the Authority for the Completion of, the Infrastructure and Stormwater Management Controls required by the Infrastructure Plan to service the Lot in accordance with the Schedule of Performance, (iii) a Tentative Subdivision

Map that includes the applicable Lot has been approved in accordance with the TI/YBI Subdivision Code, and (iv) the applicable Vertical Developer is in compliance with its Vertical DDA/LDDA. The Authority shall enter into Vertical LDDAs with TIHDI and Qualified Housing Developers governing the construction of Authority Housing Units on the Authority Housing Lots to ensure that development on the Authority Housing Lots is consistent with the SUD and the Design for Development. Notwithstanding anything to the contrary above, there shall be no Vertical DDA/LDDA or Vertical Approval for the Public Property except that for Lots to be transferred to third parties for Vertical Improvements, including without limitation, the Sailing Center, the Environmental Education Center, the Wastewater Treatment Facility, the Cultural Park and the waterside improvements for the Marina, the Authority shall enter into appropriate agreements that will ensure consistency of development on the Public Property with the SUD, the Design for Development and this Agreement, as applicable. As set forth in the SUD, Authority must review and approve submittals to the Planning Department of Vertical Approval applications for compliance with applicable provisions of the Vertical DDA or in the absence of a Vertical DDA, is otherwise in compliance with the DDA and other applicable Development Requirements.

5. Reserved.

6. Land Acquisition. Developer will construct those portions of the Project for which it is entitled or obligated to construct on the Project Site. The Parties anticipate that the land in the Project Site will be acquired or otherwise made available in the manner described below.

6.1 Trust Exchange.

6.1.1 To implement the Exchange Act and to effectuate the planned reconfiguration of lands within the Project Site that are or may be held subject to (a) the public trust for commerce, navigation, and fishery, (b) a statutory trust imposed by the Conversion Act, or (c) both the public trust and a statutory trust (collectively, the "**Public Trust**"), the Authority agrees to enter into a separate title settlement, public trust exchange and boundary line agreement substantially in the form attached hereto as Attachment 1 (the "**Public Trust Exchange Agreement**"), subject to the approval of the California State Lands Commission ("**State Lands**"), the Authority Board and the City acting by and through the Board of Supervisors. The Public Trust Exchange Agreement provides that the Public Trust exchange as described therein (the "**Public Trust Exchange**") will occur in a series of phased closings (each, a "**Trust Exchange Closing Phase**") upon the satisfaction of certain conditions. The lands to be included in the Public Trust Exchange lie within Treasure Island and Yerba Buena Island, as described more fully in the Public Trust Exchange Agreement. A map showing the areas of Treasure Island that will be removed from the Public Trust and the areas of Yerba Buena Island that will become subject to the Public Trust as part of the Public Trust Exchange is attached to the Public Trust Exchange Agreement in Attachment 1. The Authority and Developer shall each use reasonable efforts to satisfy the conditions and diligently and timely complete the Public Trust Exchange under the Public Trust Exchange Agreement to achieve a configuration of Public Trust and non-Public Trust lands substantially similar to that set forth in the Public Trust Exchange Agreement as and when needed to enable Developer to satisfy its obligations under this DDA in accordance with the Schedule of Performance, and as otherwise consistent with Sub-Phase

Approvals. Without limiting the foregoing, Developer shall initiate and complete, at no cost to the Authority, all mapping and legal descriptions and take such additional actions as may be needed to effectuate the necessary Trust Exchange Closing Phase to allow for the timely closing of each Trust Exchange Closing Phase. The Parties acknowledge that, in accordance with the Public Trust Exchange Agreement, the governing body of State Lands (the State Lands Commission) must approve the Public Trust Exchange Agreement and certain conditions required by the Exchange Act must be satisfied prior to each Trust Exchange Closing Phase. Neither Developer nor the Authority shall engage in any activities that would be reasonably expected to jeopardize the Authority's ability to satisfy the conditions for the Public Trust Exchange or any Trust Exchange Closing Phase as set forth in the Exchange Act or the Public Trust Exchange Agreement.

6.1.2 The Public Trust Exchange Agreement anticipates that the first Trust Exchange Closing Phase (the "**Initial Closing Phase**") will include, among other things, the "**Phase 1 Area**" described and depicted in the Public Trust Exchange Agreement. Developer and the Authority shall each use reasonable efforts to cause the applicable parties to complete the Initial Closing Phase promptly following close of escrow for the first conveyance under the Conveyance Agreement.

6.1.3 After the Initial Closing Phase, and except as may otherwise be provided in the Public Trust Exchange Agreement, Authority shall initiate subsequent Trust Exchange Closing Phases (each, a "**Subsequent Closing Phase**") promptly upon the Authority obtaining the requisite land and otherwise being in a position to satisfy all closing conditions under the Public Trust Exchange Agreement and in the order and timing needed to correlate to Developer's phased development, as described in the Phasing Plan and any applicable Major Phase Approval. The Authority shall diligently prosecute the Subsequent Closing Phase to close; provided, that subject to satisfaction of the forgoing conditions, in no event shall Authority initiate a Subsequent Closing Phase later than thirty (30) days after Developer has submitted a Major Phase Application for the real property to be received by the Authority as part of that Subsequent Closing Phase. The Authority shall not be required to complete a Subsequent Closing Phase before it has acquired all necessary real property to be conveyed by the Authority as part of that Subsequent Closing Phase, and Developer has: (1) completed all mapping, surveys and legal descriptions necessary for the Subsequent Closing Phase, (2) paid or committed to pay all costs required under the applicable Public Trust Exchange Agreement to effectuate that Subsequent Closing Phase, and (3) submitted a Major Phase Application for the real property to be received by the Authority as part of that Subsequent Closing Phase.

6.1.4 The Public Trust Exchange Agreement would require the Authority to undertake certain non-native vegetation removal projects on Yerba Buena Island ("**Required Vegetation Removal**"). Developer shall cooperate with the Authority to ensure the timely completion of the Required Vegetation Removal consistent with the Authority's obligations under the Public Trust Exchange Agreement, and the costs of undertaking and completing the Required Vegetation Removal shall be a Project Cost.

6.2 Acquisition from the Navy. The Authority agrees to enter into the Conveyance Agreement with the Navy substantially in the form attached hereto as **Attachment 2**, subject to the approval of the Navy, the Authority Board and the City acting by and through

the Board of Supervisors. The Authority shall make commercially reasonable efforts to consummate the timely acquisition of the Project Site from the Navy in accordance with the Conveyance Agreement. The Authority and Developer shall use commercially reasonable and diligent efforts to complete the conveyances under the Conveyance Agreement. Without limiting the generality of any other conditions precedent to the Authority's obligation to convey real property under this DDA, the Parties agree it is a condition precedent to the Authority's obligation to convey any real property at the Project Site to Developer, and for Developer to take title to the same, that the applicable conveyance from the Navy under the Conveyance Agreement has been completed, and that all applicable Trust Exchange Closing Phases for the property have been completed. The Parties further understand and agree that the Project Site may be subject to deed restrictions and other regulatory agency requirements relating to the presence of any Hazardous Substances subject to Developer's rights set forth in Section 6.2.1 below.

6.2.1 Developer Rights to Comment on FOSTs. Section 3.4.1 of the Conveyance Agreement affords the Authority certain rights to comment upon any proposed FOSTs. The Parties agree that the Authority shall provide Developer the opportunity to comment on the proposed FOSTs and will incorporate Developer's comments and/or objections within the Authority's comments unless the Authority determines the comments are not reasonable.

6.2.2 Authority's Compliance with Conveyance Agreement. Authority shall diligently undertake all of its obligations under the Conveyance Agreement in a timely manner. In exercising its rights and carrying out its obligations under the Conveyance Agreement, Authority shall consult and coordinate closely with Developer and provide Developer with reasonable prior notice of all dispute resolution procedures occurring pursuant to Article 27 of the Conveyance Agreement, as well as all material meetings and conversations regarding the Conveyance Agreement, including the Major Phase Decisions, and shall allow Developer to participate in all such meetings except to the extent prohibited by the Navy. Developer shall reasonably cooperate with the Authority in connection with the Authority's enforcement of its rights and undertaking of its obligations under the Conveyance Agreement, including, without limitation, responding to Navy objections and participating in any conferences between the Authority and the Navy under Article 27 of the Conveyance Agreement.

6.2.3 Major Phase Decisions. Prior to or concurrently with each Major Phase Application or Sub-Phase Application, as applicable, the decisions described in Sections 6.2.3(a) through (d) below (collectively, the "**Major Phase Decisions**") shall be agreed upon by the Authority and the Developer in accordance with Section 5.6 of the Conveyance Agreement and Authority shall provide notice thereof to the Navy as more fully described in Section 5.7 of the Conveyance Agreement. The Authority shall also provide the Navy with notice of and the opportunity to approve any amendments or modifications to the Major Phase Decisions in connection with each Sub-Phase Application and during the course of each Sub-Phase, to the extent approved by Authority under the DRDAP. The Authority's approval shall be conditioned upon receipt of the Navy's approval of any such amendment or modification in accordance with Section 5.6 of the Conveyance Agreement. Any dispute between Authority and Developer with regard to a Major Phase Decision shall be resolved pursuant to the Expedited Arbitration

Procedure described in Section 15.1.2 hereof. The Major Phase Decisions consist of the following:

(a) Prior to Approval of each Major Phase, the proposed location of Residential Auction Lots within that Major Phase as shown on a revised land plan for that Major Phase showing the distribution of various Product Types.

(b) Prior to Approval of each Major Phase, the qualifications of Residential Auction Lot bidders by Product Type for that Major Phase based on the applicable Auction Bidder Selection Guidelines.

(c) Prior to Approval of each applicable Sub-Phase, minimum bid prices for the Residential Auction Lots for the Residential Auction Lots, the Non-Developer Critical Commercial Lots and the Non-Critical Commercial Lots located within that Sub-Phase, which shall be based on the Proforma, as updated prior to the submittal of each Sub-Phase Application, as well as any Re-Setting of the Minimum Bid Price, as described above.

(d) Prior to the Approval of each Major Phase, the Excess Land Appreciation Structure for that Major Phase for each Product Type in such Major Phase, as well as any re-evaluation of the Excess Land Appreciation Structure during any Major Phase that may occur in connection with the submittal of Sub-Phase Applications or the sale of Lots. For purposes of this Agreement and the Conveyance Agreement, the "**Excess Land Appreciation Structure**" is defined as the structure, procedures and metrics of the then-prevailing, industry standard market based participation in price appreciation greater than forecast at the time of such Lot sale (if any) for horizontal development land sellers.

6.2.4 Navy Caretaker Office. From and after conveyance of any Sub-Phase that includes the Navy Office as described in Article 13 of the Conveyance Agreement, Developer shall assume Authority's obligations to provide the Navy Office or a relocation premises provided in accordance with Article 13 of the Conveyance Agreement. In addition, Developer shall cooperate with the Authority's reasonable request to relocate the Navy Office prior to conveyance of the Sub-Phase that includes the Navy Office.

6.2.5 Redesign Trigger Event.

(a) The Parties anticipate that the environmental remedies selected by the Navy in Final Records of Decision for certain real property in the Project Site will require the imposition of land use and activity restrictions on such property. Such land use restrictions will be contained in quitclaim deeds from the Navy for such property or in other enforceable restrictions imposed on such property. The Parties acknowledge and agree that the Project described in Section 1.3 is the basis for Developer's financial expectations for development of the Project Site and the Authority's expectations for Associated Public Benefits. However, the Conveyance Agreement contemplates both (i) a scenario in which the Navy's Record of Decision for the Site 12 Development Parcel reflects environmental restrictions that would prohibit the timely development of the Site 12 Development Parcel (as defined in Section 4.2.2 of the Conveyance Agreement) in accordance with Project described in Section 1.3, and (ii) a termination of the Conveyance Agreement for failure to meet certain other closing conditions

(each, a "**Redesign Trigger Event**", as more particularly described in the Conveyance Agreement). If a Redesign Trigger Event occurs, then Developer shall comply with the procedures set forth in this Section 6.2.5.

(b) If a Redesign Trigger Event occurs, as described in Section 4.2.3 of the Conveyance Agreement, Developer shall have the right to seek such necessary third-party approvals or modifications to restrictions (including, without limitation, State legislation if necessary) to re-entitle, redesign and rebuild portions of the Project on portions of Site 24 and the surrounding area that will be freed of the Public Trust (identified on Exhibit L, attached hereto, as the "**Site 12 Redesign Site**") that are mutually agreed upon by the Parties, or on such other mutually agreed upon sites elsewhere on Treasure Island, in a manner that would permit the type of development proposed for the property that is the subject to the Redesign Trigger Event (including, without limitation, residential development of the type and density contemplated in the Design for Development) (the "**Redesign Plan**"). The Authority shall reasonably cooperate with Developer in such actions. The scope of the Redesign Plan shall be to the extent reasonably necessary, as determined by the Developer, to recapture the lost value to the Project resulting from the Redesign Trigger Event. The primary goal of any Redesign Plan shall be to recover an equivalent amount of development value attributable to the applicable parcel based on the level of development permitted by the Project and Developer's financial projections, or if the parcel is an open space parcel, based upon the lost value to the Project resulting from the redesign of the affected open space, while balancing the appropriate level of Associated Public Benefits. The Redesign Plan shall address the rebuilding of already constructed Infrastructure and Stormwater Management Controls to the extent necessary to accommodate the redesign, and shall identify the incremental level of additional Infrastructure and Stormwater Management Controls, if any, required as a result of the redesign.

(c) Work Program and Budget. Upon the occurrence of a Redesign Trigger Event, Developer and the Authority shall meet and confer to mutually agree on a work program and budget (the "**Work Program**" and the "**Redesign Budget**") for a Redesign Plan to be submitted to the Navy no later than one hundred eighty (180) days after a Redesign Trigger Event (as such date may be extended by the Navy in accordance with the terms of the Conveyance Agreement). The Work Program shall set forth the anticipated work program and schedule necessary to prepare, entitle and implement the Redesign Plan. The Redesign Budget shall estimate the anticipated costs necessary to prepare, entitle and implement the Redesign Plan (the "**Redesign Costs**"). Redesign Costs shall include, without limitation, all soft costs related to the Redesign Plan, including without limitation, costs associated with any subsequent environmental review that is required pursuant to CEQA, and hard costs related to the rebuilding, replacing, relocating or incremental cost of additional Infrastructure and Stormwater Management Controls as necessary to accommodate the Redesign Plan. If after Navy's ninety (90) day review process under Section 4.2.4 of the Conveyance Agreement, the Navy objects to the Work Program and Redesign Budget, Developer shall fully participate in the Authority's discussions with the Navy unless the Navy prohibits such participation, and the Authority shall consult and coordinate closely with Developer and provide Developer with reasonable prior notice of all dispute resolution proceedings pursuant to the terms of the Conveyance Agreement.

(d) Upon the Navy's approval of the Work Program and Redesign Budget, Developer shall diligently proceed with the planning, design and entitlement

activities reasonably necessary to implement the Redesign Plan. If, despite such efforts, Developer has not obtained all such necessary third-party approvals or modifications by the Outside Date for submittal of a Major Phase Application that includes the property subject to the Redesign Trigger Event, then such Outside Date shall be automatically extended by such further time as reasonably necessary to complete all aspects of redesign, including any further CEQA review, to a final binding, non-appealable result; provided, that Developer is diligently proceeding to obtain all such necessary third-party approvals or modifications. Developer shall thereafter submit a Major Phase Application for the applicable Major Phase that is consistent with the applicable third-party approvals, land use restrictions and modifications thereto that Developer obtains, if any. Following the Major Phase Approval thereof, if any, the Parties shall make adjustments to this DDA (including the Land Use Plan and other Exhibits) and use their respective commercially reasonable efforts to make adjustments to the Development Requirements, in each case to the extent necessary to enable development consistent with such Major Phase Approval.

7. Construction of Infrastructure.

7.1 Related Infrastructure; Unrelated Infrastructure.

7.1.1 Related Infrastructure. "**Related Infrastructure**" is Infrastructure and Stormwater Management Controls that are designated in the Infrastructure Plan or the Phasing Plan as part of or relating to development of a particular Sub-Phase, as it may be changed in a Major Phase Approval or Sub-Phase Approval (as set forth in the DRDAP), and may include Infrastructure or Stormwater Management Controls located outside of the Sub-Phase. Developer shall (i) following each Sub-Phase Approval and Developer acquisition of the required real property under Article 10 or otherwise, Commence the Related Infrastructure for the Sub-Phase on or before the Outside Date and (ii) diligently and continuously prosecute the Related Infrastructure to Completion in accordance with this Article 7, and in any event before the applicable Outside Date (the "**Infrastructure Obligations**").

7.1.2 Unrelated Infrastructure. "**Unrelated Infrastructure**" is Infrastructure and Stormwater Management Controls contemplated by the Infrastructure Plan but not yet required for development of a Sub-Phase for which Developer has obtained Sub-Phase Approval. Developer may elect to construct Unrelated Infrastructure before receipt of any particular Sub-Phase Approval upon applying to and receiving Approval to do so from the Authority Director. Such Approval may be withheld by the Authority Director if he or she reasonably determines that such construction will materially interfere with the Phasing Plan or with the timing of the availability of tax increment for other development within the Project Site. In connection with any such Approval, the Authority shall reasonably consider any request by Developer to enter into one (1) or more Permits to Enter under which Developer may construct the Unrelated Infrastructure.

7.2 Transferable Infrastructure.

7.2.1 Definition. "**Transferable Infrastructure**" means items of Related Infrastructure consisting of (1) final, primarily behind the curb, right-of-way improvements, including, sidewalks, light fixtures, street furniture, landscaping, and driveway

cuts**,** and (2) utility laterals serving the applicable Lot, including storm, sewer, water, reclaimed water, dry utilities and utility boxes.

7.2.2 Transferable Infrastructure. The purpose of this Section is to minimize the risk of damage to Infrastructure and Stormwater Management Controls from construction of Vertical Improvements on Market Rate Lots and to allow Developer and Vertical Developers to coordinate their respective construction. Developer may elect to Transfer any Lot to a Vertical Developer before Completion of Infrastructure and Stormwater Management Controls associated with the Lot unless the Lot is an Authority Housing Lot (which is governed by the Housing Plan) or Public Property. Any such Transfer shall not extend the Schedule of Performance for Completion of Infrastructure and Stormwater Management Controls for the applicable Sub-Phase except as otherwise provided in this Section. If Developer Transfers any Lot prior to Completion of applicable Transferable Infrastructure, then Developer shall have the right to transfer the obligation to Complete any or all items of Transferable Infrastructure to the Vertical Developer under the Vertical DDA/LDDA, provided, however, that no such transfer shall release Developer of its Infrastructure and Stormwater Management Controls obligations hereunder. If the Transfer of the Lot(s) occurs prior to the Infrastructure Completion date for that Sub-Phase, as shown on the Schedule of Performance, then notwithstanding the Schedule of Performance, the applicable Transferable Infrastructure shall be Completed upon the earliest of (i) issuance of a Certificate of Occupancy for the applicable Vertical Improvement, (ii) twenty-four months after the date of Transfer, or (iii) twelve (12) months after the Infrastructure Completion date for that Sub-Phase. For any Lots that have not been Transferred prior to the Infrastructure Completion date for that Sub-Phase, Developer may request that the date for Completion of Transferable Infrastructure for such Lots be extended concurrent with Vertical Development, which consent may be given or withheld in Authority's sole discretion. In addition, Developer may request Authority's approval to transfer the obligation for any other item of Infrastructure and Stormwater Management Controls other than Transferable Infrastructure to a Vertical Developer, which consent may be given or withheld by Authority in its sole discretion.

7.2.3 Security for Transferable Infrastructure. If Developer transfers the obligation to Complete Transferable Infrastructure, or subject to Authority approval, other Infrastructure and Stormwater Management Controls, to a Vertical Developer, then (i) Developer shall have the right to assign the applicable public improvement agreement to the applicable Vertical Developer consistent with such corresponding rights allowed under the Interagency Cooperation Agreement, and (ii) with Authority's Approval, Vertical Developer may provide Adequate Security to replace Developer's Adequate Security for the applicable items of Transferable Infrastructure so long as the replacement Adequate Security is equivalent to the Adequate Security to be released as reasonably determined by Authority, in which case Authority shall promptly release Developer's applicable Adequate Security.

7.3 Compliance with Standards. Developer shall Complete, or cause to be Completed, all Infrastructure and Stormwater Management Controls (i) in accordance with this DDA (including the Infrastructure Plan, the Transportation Plan Obligations, the Sustainability Obligations, the Community Facilities Obligations, the Housing Plan, the Project MMRP, the Phasing Plan, the Schedule of Performance and Section 7 of the Public Trust Exchange Agreement), and (ii) in a good and workperson-like manner, without material defects, in

accordance with the Construction Documents and all applicable Authorizations and the TI/YBI Subdivision Code. Without limiting the foregoing, the Infrastructure and Stormwater Management Controls located on and serving the Public Property and the Authority Housing Lots must be equivalent in quality, sizing, capacity and all other features to the Infrastructure and Stormwater Management Controls located on and serving the Market Rate Lots and the Commercial Lots, subject to any variations specifically set forth in the Infrastructure Plan and any reasonable variations related to physical conditions (such as sloping), use, or intensity of development.

7.4 Authority Conditions to Developer's Commencement of Infrastructure. The following conditions precedent shall be satisfied before Developer may Commence any Infrastructure and Stormwater Management Controls, unless expressly waived by the Authority in accordance with Section 7.5:

7.4.1 Developer shall have obtained (i) a Major Phase Approval and a Sub-Phase Approval for the real property on which the Infrastructure and Stormwater Management Controls are to be constructed (except for Unrelated Infrastructure and Related Infrastructure outside of the Sub-Phase), and (ii) all other Authorizations required herein from the Authority or any other Governmental Entities to Commence such Infrastructure and Stormwater Management Controls;

7.4.2 Developer shall have recorded in the Official Records a Transfer Map covering the real property on which the Infrastructure and Stormwater Management Controls are to be constructed (except for Unrelated Infrastructure and Related Infrastructure outside of the Sub-Phase) or has otherwise complied with the Subdivision Map Act, and Developer shall have received approval of a Tentative Subdivision Map covering the real property on which the Infrastructure and Stormwater Management Controls are to be constructed (except for Unrelated Infrastructure and Related Infrastructure outside of the Sub-Phase);

7.4.3 Developer shall have performed its obligations under the Financing Plan related to the applicable Sub-Phase as and when required, subject to the Authority having performed its obligations as and when required under the Financing Plan;

7.4.4 Developer shall have submitted to the Authority the Construction Documents for such Infrastructure and Stormwater Management Controls and such Construction Documents shall have been reviewed and Approved under the DRDAP;

7.4.5 any demolition or grading permit required in order to Commence the Infrastructure and Stormwater Management Controls shall have been issued by the City;

7.4.6 Developer shall not be in Material Breach of this DDA with respect to any obligations arising in the applicable Sub-Phase or with respect to Developer's Infrastructure and Stormwater Management Controls Obligations in the applicable Major Phase related to the Infrastructure and Stormwater Management Controls being constructed;

7.4.7 to the extent such Infrastructure and Stormwater Management Controls are to be located outside the Sub-Phase boundaries or on portions of the Project Site that the Navy has not yet transferred to the Authority, Developer shall have acquired all

easements, leases or licenses or otherwise made such arrangements with the Navy and the Authority as are necessary (and reasonably satisfactory to the Authority) to Commence and Complete such Infrastructure and Stormwater Management Controls; and

7.4.8 Developer shall have provided the Reversionary Quitclaim Deed to the extent required under Article 16 hereof, and Developer shall have provided, and the Authority Director shall have Approved, Adequate Security for Completion of the Related Infrastructure, and any Unrelated Infrastructure associated with the applicable Sub-Phase that Developer has elected to construct in accordance with Section 7.1.2, in favor of the Authority and, to the extent required under the TI/YBI Subdivision Code, the City.

7.5 Conditions for Benefit of the Authority. The conditions set forth in Section 7.4 are solely for the benefit of the Authority and may be waived only by the Authority Director (except that the condition in Section 7.4.2 shall not be waivable). Provided that Developer has not committed a Material Breach that remains uncured beyond any applicable cure period, the Authority shall take such actions as are required of the Authority under the DRDAP and this DDA to review, consider and grant Developer's request for necessary Approvals to satisfy the above conditions. If any of the conditions are not timely satisfied, they may be waived by the Authority Director or the Authority may extend the time for satisfaction of the conditions, as Approved by the Authority Director in his or her sole discretion (except that the condition in Section 7.4.2 shall not be waivable).

7.6 Developer Efforts to Satisfy Authority Conditions. Provided that the Authority has not committed a Material Breach that remains uncured beyond any applicable cure period, Developer shall use its diligent and reasonable efforts, and otherwise take such actions as are required under this DDA to cause the conditions set forth in Section 7.4 to be satisfied in sufficient time to enable Developer to meet the Outside Dates set forth in the Schedule of Performance; provided, that the foregoing shall not require Developer to pay any sum of money not otherwise required under this DDA.

7.7 Effect of Failure of Condition. The Parties expressly acknowledge and agree that a failure of condition in favor of the Authority for one Major Phase, Sub-Phase, Lot or Vertical Project shall not by itself be deemed the failure of a condition for any other Major Phase, Sub-Phase, Lot or Vertical Project except to the extent that such failure directly pertains to the other Major Phase, Sub-Phase, Lot or Vertical Project (e.g., the failure to satisfy a condition may prevent subsequent Sub-Phase Approvals if the Infrastructure and Stormwater Management Controls needed to service the proposed Sub-Phase has not Commenced), nor shall such failure relieve Developer or the Authority of an obligation that arose before the failure of such condition. The failure of a condition shall not, in and of itself, be an Event of Default; provided, that (i) the failure of Developer to comply with Section 7.6 may, following notice and the cure period set forth in Article 16, be an Event of Default, and (ii) the failure of the Authority to act upon an Application as and when required under the DRDAP shall not be a Material Breach but shall give rise to an Excusable Delay.

7.8 Completion of Developable Lots. As part of its Infrastructure obligations, Developer shall Complete all work necessary to create Developable Lots within the Project Site. To be a "**Developable Lot**", the following conditions shall be met:

7.8.1 a Final Subdivision Map creating a separate legal parcel for the Lot has been Approved and recorded in the Official Records;

7.8.2 The Lot has been graded and soil compacted in accordance with the applicable grading permit and in conformance with the geotechnical recommendations of the site as certified by Developer's geotechnical engineer;

7.8.3 the Lot is served by the Infrastructure and Stormwater Management Controls described in the Infrastructure Plan with respect to the Lot, except to the extent that items of Transferable Infrastructure remain outstanding and will be constructed by the applicable Vertical Developer or Completed after the Vertical Improvements, as described in Section 7.2 of this Agreement and Section 2.8 of the Housing Plan;

7.8.4 For a Lot for which the Navy has issued a FOST, the condition of the Lot shall, to the extent such compliance is within the control of Developer, comply with all applicable requirements in the FOST, Petroleum Corrective Action Plan, Management Plan (including operation and maintenance requirements applicable at the time the Developable Lot is created by the Developer) and any applicable restrictions in deeds or covenants;

7.8.5 all other obligations outside the boundaries of the Lot as required by applicable Governmental Entities have been fulfilled, or appropriate guarantees, bonds and/or subdivision improvement agreements acceptable to the City and the Authority are in place, as necessary to enable the issuance of a Building Permit to Commence construction on the Lot; and

7.8.6 for the Open Space Lots, Developer shall Complete the surface Improvements in accordance with the Parks and Open Space Plan, the Conceptual Parks and Open Space Master Plan (as defined in the DRDAP) and the applicable Major Phase and Sub-Phase Approvals.

7.9 ICT Rights. Developer shall have the right through private contracts with Vertical Developers to provide information and communications technology ("**ICT**") design, site development, installation, operations and services for all Vertical Improvements at the Project Site, excluding the Authority Housing Units and other Public Property (the "**ICT Rights**"). In connection with the ICT Rights, Developer shall have the right to install equipment related to the ICT in or on the real property that is or will become public right of way, subject to City and Authority Approvals in accordance with the Applicable Regulations. Developer's right shall not restrict the City or regulated entities (including certificated telecommunications carriers and franchised video providers) from installing communications and other facilities in or on the real property that is or will become public right of way. The ICT Rights shall be transferable by Developer and, to the extent that Developer Transfers portions of the Project Site to Vertical Developers as permitted in this DDA, Developer shall have the right to impose ICT requirements on the Vertical Improvements. The ICT Rights shall mean the right to: (i) define and establish the high level ICT designs, standards, architectures, plans, minimum specifications for all equipment, including any Internet Protocol ("**IP**") enabled devices, that may connect to the regulated public communications networks and fiber optic networks, whether wireless or fixed line, in buildings and common areas, excluding regulated telecommunications services ("**ICT Design**"); (ii) define and establish functional equipment standards for all ICT hardware and

software products and solutions, including any IP enabled devices ("**ICT Products and Solutions**"), compliant with the ICT Design; and (iii) review and approve any ICT Products and Solutions for compliance with the ICT Design. Notwithstanding anything to the contrary in this Section 7.9, a termination of this DDA by the Authority shall terminate Developer's rights under this Section 7.9 with respect to any portion of the Project Site as to which Developer's development rights are terminated. Nothing in this Section 7.9 shall prevent an Owner/Occupant or tenant of any Owner/Occupant at the Project Site from purchasing communications, video and other IP services from regulated entities including certificated telecommunications carriers and franchised video providers.

7.10 Wastewater Treatment Plant. The parties acknowledge that the Infrastructure Plan contemplates that the SFPUC will provide a new or upgraded wastewater treatment plant as needed to meet the flow and treatment requirements of the Project projected for each Major Phase. The Authority shall use commercially reasonable efforts to negotiate a Memorandum of Understanding with the SFPUC (the "**SFPUC MOU**") that includes the following provisions, subject to approval of the SFPUC MOU by the SFPUC Commission, the Authority Board and, if required, the Board of Supervisors: (i) the terms upon which SFPUC will provide a new or upgraded wastewater treatment plant for which the SFPUC will be responsible for the financing and construction; (ii) a process for SFPUC to provide a service plan in response to each Major Phase Application, setting forth SFPUC's planned upgrades or new improvements to the wastewater treatment operations for that Major Phase, as well as milestones during that Major Phase, such as target dates for planning, design, regulatory approvals and entitlements and permits necessary to meet the proposed service plan; (iii) a meet and confer process among the Authority, Master Developer and the SFPUC if the SFPUC fails to meet the milestones in the SFPUC MOU in order to discuss the applicable milestones and what actions may be needed to achieve the identified service upgrades; and (iv) a meet and confer process among the Authority, Master Developer and the SFPUC if at any time the SFPUC conditions its approval of any Subdivision Map or Building Permit application upon the completion of new or upgraded wastewater treatment facilities that are the responsibility of SFPUC under the PUC MOU, or if SFPUC comments as part of the Major Phase or Sub-Phase Application process that it will require such conditions, in order to develop a strategy to avoid or minimize any delays in issuance of any Subdivision Maps or Vertical Approvals resulting from the SFPUC's failure to meet its obligations under the SFPUC MOU. A potential strategy could include providing Master Developer with certain rights to undertake the development of the required wastewater treatment facilities (including the option of constructing separate facilities), on terms mutually agreed upon by Master Developer, SFPUC and the Authority. Authority and SFPUC's failure to execute the PUC MOU consistent with this Section 7.10 prior to submittal of the first Major Phase Application, or SFPUC's failure to meet its material obligations thereunder to construct wastewater treatment improvements in a timely manner, shall be grounds entitling Developer to submit a Requested Change Notice and invoke the procedures of Section 3.8.2.

8. Construction of Vertical Improvements/Required Improvements.

8.1 Vertical Improvements. Upon receipt of a Vertical Approval, the applicable Vertical DDA/LDDA will provides the Vertical Developer the right to Commence and construct the applicable Vertical Improvements at any time. The Vertical DDA/LDDAs provide that the Vertical Developer and the Authority must at all times comply with the

provisions of the SUD, the Design for Development and the DRDAP with respect to the Vertical Improvements.

8.2 Required Improvements. Developer shall Commence and Complete the Required Improvements in accordance with the Schedule of Performance. As described in Section 10.1.3, the Required Improvements to be constructed by Developer on land owned by the Authority that has not been conveyed to Developer by Quitclaim Deed or Ground Lease (i.e., the police/fire station and the ferry terminal), will be pursuant to a Permit to Enter between Authority and Developer. Developer's obligation for the five thousand (5,000) square foot interim grocery store consists of a grocery store, which may be located within an existing building or a new building, to provide basic grocery needs to Island residents. Developer's obligation for the fifteen thousand (15,000) square foot grocery store (the "**Required Retail**"), consists of Completion of a Developable Lot and core and shell building improvements (which may include retrofit or rehabilitation of existing buildings, or construction of new buildings) adequate to accommodate the Required Retail and the execution of a sublease with one or more qualified grocery tenants for operation of the Required Retail by the Outside Date for Completion of the Required Retail. Developer shall use commercially reasonable efforts to attract a grocery store tenant(s) that sell staples, fresh meat and fresh produce and includes a pharmacy. If despite its commercially reasonable efforts, Developer is unable to attract a grocery tenant that includes a pharmacy, then Developer in connection with its retail program elsewhere within the Project Site shall use commercially reasonable efforts to attract a pharmacy and/or medical clinic tenant. For purposes of attracting a pharmacy or medical clinic, "commercially reasonable efforts" means a targeted marketing program, which may be through established retail brokers, reasonably designed to attract pharmacies or medical clinics at then-prevailing market rents for suitable retail space constructed on the Project Site. In no event shall the provision of a pharmacy be considered a "Required Improvement" hereunder.

8.3 Marina Landside Improvements. Developer shall commence construction of the following Marina-related improvements within five (5) years after the Effective Date: such improvements needed for the following: pedestrian and vehicular access, utilities, parking, loading, sanitary facilities and showers for Marina users (which may be located in temporary facilities until permanent facilities are constructed) and other improvements as are reasonably required for both construction and permanent operations of the Marina functionally equivalent to those contemplated in the Marina Term Sheet, and, to the extent that such improvements or facilities are located on areas of the Project Site owned by or under Ground Lease to Developer, Developer shall grant the Marina access rights to such areas (including easements, licenses or otherwise) (collectively, the "Marina Access Improvements"). If Developer has not Commenced the Marina Access Improvements within five (5) years from the Effective Date (subject to Excusable Delay), the Authority may, in its sole discretion and as its sole remedy, terminate Developer's right to construct the Marina Access Improvements and the Authority shall work with the Marina Developer in connection with the Marina Developer's construction of the Marina Access Improvements at Developer's sole cost and expense and in accordance with the Design for Development. In such case, the Authority, Developer and the Marina Developer shall meet and confer regarding reasonable rights for access, utilities, loading and otherwise as are reasonably required for both construction and permanent operations of the Project by the Developer. Developer's obligation to the Marina Developer for the Marina Landside Improvements are limited to those obligations set forth in this Section 8.3; provided, however,

that nothing herein is intended to diminish the rights and obligations of the Marina Developer under the Marina Term Sheet. The Parties acknowledge that the Project Site does not include the Marina area shown on Exhibit B-1 and excluded from the legal description in Exhibit B-2. If the final description of the Marina property described in the final disposition and development agreement for the Marina executed in accordance with the Marina Term Sheet differs from that shown, the parties will prepare and record a replacement legal description reflecting the final boundaries of the Marina waterside area.**Issuance of Authorizations; Issuance of Certificates of Completion**.

9.1 Authorizations.

9.1.1 Developer and Vertical Developer, as applicable, must obtain from any City Agency or other Governmental Entity having jurisdiction over all or a portion of the Project Site any permit, approval, entitlement, agreement, permit to enter, utility service, subdivision map (including under the TI/YBI Subdivision Code), Building Permit or other authorization for the work they are required to perform under this DDA or the Vertical DDA/LDDA and as may be necessary or desirable to effectuate and implement such work (each, an "**Authorization**"). Authorizations required for the Project from the Authority or a City Agency shall be consistent with the Applicable Regulations and the Development Agreement. The Authority will reasonably cooperate with Developer and Vertical Developers upon request in obtaining these Authorizations, including, without limitation, executing any such Authorizations to the extent the Authority is required to execute the same as co-applicant or co-permittee, or as otherwise Approved by the Authority Director so long as such Authorizations are consistent with this DDA or the Vertical DDA/LDDA, as applicable. None of the Authority, Developer or any Vertical Developer will agree to the imposition of any conditions or restrictions in connection with obtaining any such Authorization if the same would create any obligations on the Authority's part not otherwise contemplated under this DDA or the Vertical DDA/LDDA, as applicable, without the Approval of the Authority, which may be given or withheld in the Authority's sole discretion. A signature by the Authority staff on any Authorization or application for an Authorization shall be conclusive evidence that the content of such application or Authorization is consistent with the Development Requirements, except to the extent the signature is based on material error or incorrect information supplied by the applicant.

9.1.2 Developer, with respect to Infrastructure and Stormwater Management Controls, and Vertical Developers, with respect to Vertical Improvements constructed by them, at no cost or expense to the Authority, shall be solely responsible for ensuring that the design and construction of their respective Improvements complies with any and all applicable laws and conditions or restrictions imposed by any City Agency or other Governmental Entity in connection with any Authorization, whether such conditions are to be performed on the Project Site or require the construction of Improvements or other actions off the Project Site. Any fines, penalties or corrective actions imposed as a result of the failure of Developer or a Vertical Developer to comply with the terms and conditions of any such Authorization shall be paid or otherwise discharged by Developer or Vertical Developer, as the case may be, and (i) the Authority shall have no liability, monetary or otherwise, for such fines and penalties, and (ii) such fines or penalties shall not be Project Costs.

9.1.3 Application for Building Permits shall be made in accordance with the SUD and the DRDAP.

9.1.4 Notwithstanding anything to the contrary above, the Authority shall have no obligation to execute any application for any Authorization that would impose costs or fees on the Authority unless the applicant arranges a reimbursement arrangement Approved by the Authority.

9.2 Issuance of Certificates of Completion.

9.2.1 Generally. When (i) Developer reasonably believes that it has Completed Related Infrastructure, or a portion thereof, or Unrelated Infrastructure, or a portion thereof, Developer shall request the Engineer to issue an Engineer's Certificate verifying that Developer has Completed the specified Infrastructure and Stormwater Management Controls in accordance with the Construction Documents or (ii) with respect to Vertical Improvements that are Required Improvements, Developer shall request the Architect to issue an Architect's Certificate verifying that Developer has Completed the specified Required Improvements in accordance with the Construction Documents. Upon issuance, Developer shall deliver to the Authority the Engineer's Certificate or Architect's Certificate, as applicable. Within twenty (20) days after the Authority's receipt of any such Engineer's Certificate or Architect's Certificate, as applicable (or any resubmittal pursuant to Section 9.2.4 hereof), the Authority shall either issue to Developer a Certificate of Completion for the applicable Infrastructure and Stormwater Management Controls or Required Improvements or provide to Developer a statement of the reasons for the failure to issue the Certificate of Completion as more particularly set forth in Section 9.2.4.

9.2.2 Effect of Certificate of Completion on Developer and Vertical Developer. For purposes of this DDA or the applicable Vertical DDA/LDDA only, the issuance of a Certificate of Completion shall be a conclusive determination of the Completion of the applicable Infrastructure and Stormwater Management Controls or Required Improvements in accordance with this DDA or the applicable Vertical DDA/LDDA, including without limitation with respect to the obligations to Commence and Complete the Infrastructure and Stormwater Management Controls or Required Improvements, as applicable, in accordance with the Construction Documents; provided, however, such determination shall not impair the Authority's right to indemnity under Article 22 or the City's or the Authority's right to require correction of any defects in accordance with the TI/YBI Subdivision Code. Developer or a Vertical Developer shall record the Certificate of Completion within forty-five (45) days following receipt thereof.

9.2.3 Effect of Certificate of Completion on any Person. Following recordation of the Certificate of Completion, any Person then owning or later purchasing, leasing or otherwise acquiring any interest in the applicable Major Phase, Sub-Phase, Lot or Vertical Project shall not, solely by virtue of such ownership, purchase, lease, or acquisition, or by virtue of such Person's actual or constructive knowledge of the contents of this DDA or the Vertical DDA/LDDA, as applicable, incur any obligation or liability under this DDA or the Vertical DDA/LDDA, as applicable for the construction, operation, restoration or rehabilitation of the Infrastructure and Stormwater Management Controls or Vertical Improvements for which the Certificate of Completion has been recorded; provided, that such Person shall be subject to any

Vertical DDA/LDDA to which it is a party, obligations of record and the Development Requirements. The Authority's issuance of any Certificate of Completion shall not relieve Developer, Vertical Developer or any other Person from any applicable building, fire or other construction code requirement, conditions to occupancy of any Improvement, or other applicable laws.

9.2.4 Authority Refusal to Issue a Certificate of Completion. If the Authority refuses or fails to issue a Certificate of Completion in accordance with Section 9.2.1, then the Authority shall provide to Developer or Vertical Developer, as applicable, a written statement setting forth the basis for such refusal or failure and the reasonable acts or measures that must be taken by Developer or Vertical Developer, as applicable, to obtain a Certificate of Completion. Developer or the Vertical Developer (as the case may be) may resubmit their request for a Certificate of Completion at any time after completion of such acts or measures required to obtain a Certificate of Completion.

9.2.5 Authority and City Cooperation Regarding Certain Certificates of Completion. The Parties acknowledge and agree that the Authority will forward all Engineer's Certificates for Infrastructure and Stormwater Management Controls that constitute public improvements under the TI/YBI Subdivision Code (the "**Public Improvements**") and the results of any inspection thereof to the Department of Public Works for its review and potential acceptance of such Public Improvements in accordance with the TI/YBI Subdivision Code and any applicable subdivision improvement agreement entered into by Developer and the City. The Authority shall use commercially reasonable efforts to cause the Department of Public Works to expeditiously review and the Board of Supervisors to accept such Public Improvements. The Parties acknowledge and agree that the Authority will forward all Architect's Certificates for Vertical Improvements and the results of any inspection thereof to DBI for its review in accordance with applicable City Authorizations. The Authority will use commercially reasonable efforts to cause DBI to expeditiously review and Approve the Vertical Improvements.

9.2.6 Use of Public Improvements Prior to Certificate of Completion. The Parties acknowledge and agree that Developer shall not be obligated to allow use of any Public Improvements by any Person, including the Authority, any City Agencies, any other Governmental Entity or any Third Parties, prior to the acceptance of such Public Improvements by the City and the issuance of a Certificate of Completion for such Public Improvements by the Authority.

9.2.7 Certain Certificates of Completion. Issuance of a Certificate of Completion by the Authority may be conditioned upon the following:

(a) for a Lot, on the Authority's determination that such Lot is a Developable Lot;

(b) for an Open Space Lot, on the Authority's determination that such Open Space Lot is a Developable Lot and that Developer has Completed all surface Improvements for such Open Space Lot in accordance with the Parks and Open Space Plan, the Conceptual Parks and Open Space Master Plan and the applicable Major Phase and Sub-Phase Approvals;

(c) for Public Improvements, on receipt of a certificate of completion from the City Engineer with respect to such Public Improvements delivered in accordance with any applicable subdivision improvement agreement; and

(d) for Required Improvements, a Temporary Certificate of Occupancy.

9.3 Substantial Completion. When (i) Developer reasonably believes that it has Substantially Completed Related Infrastructure, or a portion thereof, Unrelated Infrastructure, or a portion thereof, or the Required Improvements, or a portion thereof, (ii) Vertical Developer reasonably believes that it has Substantially Completed Required Improvements, or a portion thereof, or Transferable Infrastructure or a portion thereof, then such Person may request the Authority to determine that Substantial Completion of such Improvements has occurred; such request shall be accompanied by appropriate documentation to support such belief. Within sixty (60) days after the Authority's receipt of such request, the Authority shall take such actions as are reasonably necessary to reasonably determine whether such Improvements satisfy the applicable requirements for Substantial Completion set forth in the definition thereof and either issue to Developer or such Vertical Developer, as applicable, a notice of Substantial Completion of such Improvements or provide to Developer or such Vertical Developer a statement of the reasons for the failure to issue such notice. Any notice of disapproval shall set forth the basis for such disapproval and the reasonable acts or measures that must be taken by Developer or Vertical Developer, as applicable, to obtain such notice of Substantial Completion.

10. Terms for Conveyances to Developer.

10.1 General.

10.1.1 Fee Conveyances. Subject to receipt of applicable Sub-Phase Approvals and the terms of this DDA, including the satisfaction or waiver of the conditions set forth in Section 10.3, (a) the Authority shall convey to Developer, on a phased basis, certain real property owned or acquired by the Authority, as more particularly set forth in Section 3.7; and (b) Developer agrees to acquire such real property from the Authority, to cause Completion of the Infrastructure and Stormwater Management Controls and sell Lots to Vertical Developers, all to the extent required under and consistent with this DDA for land that is not subject to the Public Trust. Any real property conveyance from the Authority to Developer under this DDA shall be by an Authority Quitclaim Deed.

10.1.2 Ground Lease Conveyances. Subject to the terms of this DDA, upon satisfaction or waiver of the conditions set forth in Section 10.3, Authority shall enter into LDDAs and Ground Leases for the conveyance and development of the Critical Commercial and Non-Critical Commercial Lots located on Public Trust property, in accordance with the further terms and conditions of Section 17.2.1 hereof, which LDDAs shall be substantially consistent with Exhibit I, and which Ground Leases shall be substantially consistent with Exhibit M, attached hereto.

10.1.3 Permit to Enter. For all Infrastructure and Stormwater Management Controls and Required Improvements to be constructed by Developer on land owned by the Authority that has not been conveyed to Developer by Quitclaim Deed or Ground Lease, the Authority shall enter into a Permit to Enter with Developer. For any property still owned by the Navy that is reasonably required by Developer for staging or constructing Infrastructure and Stormwater Management Controls or Required Improvements, Authority shall coordinate with Navy to assign its rights to enter into a Permit to Enter onto Navy property to the extent permitted under the Navy Conveyance Agreement.

10.2 Escrow and Title.

10.2.1 Escrow. No later than sixty (60) days before the first scheduled conveyance from the Authority to Developer, Developer shall establish an escrow ("**Escrow**") in the City with the Title Company and shall promptly notify the Authority in writing of the Escrow number and contact person.

10.2.2 Title. The Authority agrees that it shall not cause to be created any exceptions to title other than exceptions created on behalf of or approved by Developer ("**Authority's Title Covenant**"). Promptly after Escrow opens, Developer shall cause the Title Company to deliver to the Authority and Developer preliminary title reports or commitments for title insurance for the property to be so conveyed, together with copies of all documents relating to title exceptions shown in the "Title Report" (collectively, a "**PTR Package**"). Other than exceptions existing at the time the Navy conveyed such property to the Authority (the "**Existing Navy Exceptions**") or created on behalf of Developer or with Developer's approval (which exceptions shall be deemed to include a Reversionary Quitclaim Deed delivered under Section 16.5 and deed restrictions required as part of a real property conveyance from the Navy, the Mitigation Measures or under the Housing Plan), Developer may object to any exceptions shown on the PTR Package that would materially and adversely affect Developer's ability to finance and use the real property as permitted under this DDA (excluding any Public Trust exception that will be removed in connection with a Public Trust Exchange). Developer must notify the Authority in writing of any such objection within twenty (20) days after Developer receives the complete PTR Package (the "**Title Objection Period**"). If Developer fails to so object within the twenty (20) day period, then all of the exceptions shown on the PTR Package will be deemed to be Permitted Exceptions. If Developer does so object within the twenty (20) day period, the Authority at its cost may, in its sole and absolute discretion, elect to remove or otherwise cause the Title Company not to show any exception to which Developer objected on the owner's title insurance policy to be issued to Developer at close of Escrow. If the Authority does so elect, it will notify Developer within thirty (30) days after receipt of Developer's objection. If the Authority elects not to remove the exception or fails to respond within the thirty (30) day period, then Developer shall have the right to (i) terminate this DDA as to the Lot or Lots affected by such exception, by notice to the Authority delivered within ten (10) days after Developer receives the Authority's notice that it has elected not to remove the exception or expiration of the thirty (30) day period, whichever occurs earlier, in which case the Authority can proceed to market the property to others without any cost reimbursement or other obligation to Developer except as provided in Section 6.3 of the Financing Plan, (ii) upon written notice provided to Authority within ten (10) days of Authority's election not to remove the exception or failure to respond, diligently proceed to take such actions necessary to remove the exception, which may

include obtaining an endorsement insuring over such exception subject to such conditions and requirements imposed by Title Company (and so long as Developer is diligently proceeding with removal of the title exception, such delay in close of Escrow shall be considered an event of Excusable Delay), or (iii) accept title to the real property subject to such exception. In any of the foregoing circumstances, if the title exception is a result of the Authority's breach of the Authority's Title Covenant, such breach shall be subject to the terms of Section 16.2.2(d). If Developer fails to so terminate or elect to cure within the ten (10) day period, then it shall be deemed to have elected to accept title as set forth in clause (iii) above. Exceptions that the Authority elects not to remove, or is deemed to have elected not to remove, and that Developer elects to accept, or is deemed to have accepted, will also be deemed to be Permitted Exceptions.

10.2.3 Quiet Title Action. The Authority, with Developer's cooperation and at Developer's cost, shall complete an action under the "**Destroyed Land Records Relief Law**" (California Code of Civil Procedure § 751.01 et seq., commonly referred to as the McEnerney Act) to remove any exception for claims by reason of the record title to the land not having been established and quieted under the provisions of the Destroyed Land Records Relief Law that show on the PTR Package and to which Developer timely objected under Section 10.2.2 (the "**Quiet Title Action**"). In the event that Developer accepts title subject to exceptions that would be eliminated by such Quiet Title Action, the Authority, with Developer's cooperation, shall complete the Quiet Title Action as soon as commercially reasonable and the Parties shall then undertake to cause the issuance of the title insurance prescribed above, or an amendment or endorsement, reflecting the elimination of such exceptions. At each close of Escrow, the Authority shall convey to Developer all of its right, title and interest to the property that is the subject of such close of Escrow by an Authority Quitclaim Deed or Ground Lease, as applicable, subject to the Authority's rights under the Reversionary Quitclaim Deed.

10.2.4 Title Policy. It is a condition to Developer's obligation to close Escrow on conveyances from the Authority to Developer that the Title Company shall be irrevocably committed to issue to Developer a CLTA owner's title insurance policy (or at Developer's option an ALTA owner's title insurance policy), with such endorsements, reinsurance and direct access agreements as Developer shall reasonably designate and the Title Company shall accept. The title policy will be in an amount designated by Developer and acceptable to the Title Company, and will insure that fee title to the property at issue and all appurtenant easements are vested in Developer, subject only to the Permitted Exceptions. If Developer elects to obtain an ALTA owner's policy, Developer shall be responsible for securing any and all surveys, engineering studies and other documents required to obtain an ALTA owner's policy, in sufficient time to permit close of Escrow as required by this DDA.

10.2.5 New Title Matters. If after the Title Objection Period has expired a new title exception not shown on the PTR Package arises that would materially and adversely affect Developer's use of the real property in question or the Project Site and that is not a Permitted Exception and is not caused by Developer or its Affiliates, then Developer may object to such new exception by notice to the Authority given within five (5) Business Days after Developer receives written notice from the Title Company of the new exception. If Developer fails to object within such period, then the new exception will be deemed to be a Permitted Exception. If Developer does object then the Authority may elect in the Authority's sole and absolute discretion, at its cost, to remove any new exceptions created by the Authority that are

not Permitted Exceptions before the close of Escrow, or to remove or otherwise cause the Title Company not to show any other new exception on the owner's title insurance policy to be issued to Developer at close of Escrow. If the Authority does so elect, it will notify Developer within thirty (30) days after receipt of Developer's objection. If such exception is caused by the Authority's breach of the Authority's Title Covenant set forth in Section 10.2.2 above, such breach shall be subject to the terms of Section 16.2.2(d) below. If the Authority elects not to remove the exception, or fails to respond within the thirty (30) day period, then Developer shall have the right to (i) terminate this DDA as to the affected property by notice to the Authority delivered within ten (10) days after Developer receives the Authority's notice that it has elected not to remove the exception or expiration of the thirty (30) day period, whichever occurs earlier, in which case the Authority can proceed to market the property to others without any cost reimbursement or other obligation to Developer except as specifically provided in Section 6.3 of the Financing Plan, (ii) upon written notice provided to Authority within ten (10) days of Authority's election not to remove the exception or failure to respond, diligently proceed to take such actions necessary to remove the exception, which may include obtaining an endorsement insuring over such exception subject to such conditions and requirements imposed by Title Company (and so long as Developer is diligently proceeding with removal of the title exception, such delay in close of Escrow shall be considered an event of Excusable Delay), (iii) accept title to the property in question subject to such exception. If Developer fails to so terminate or elect to cure within the ten (10) day period, then it shall be deemed to have elected clause (iii) above. Exceptions that the Authority elects not to remove, or is deemed to have elected not to remove, and that Developer elects to accept, or is deemed to have accepted, are also Permitted Exceptions.

10.3 Conditions Precedent to Close of Escrow for Real Property Conveyances from the Authority to Developer.

10.3.1 Developer Conditions to Close of Escrow or Enter Into LDDAs for Critical Commercial Lots. The following are conditions precedent to Developer's obligation to close Escrow for the conveyance of real property from the Authority to Developer (or, with respect to the Critical Commercial Lots on Trust Property, Developer's obligation to enter into an LDDA for the Critical Commercial Lots), to the extent not expressly waived by Developer by notice to the Authority.

(a) The Authority shall have performed all obligations under this DDA required to be performed by the Authority on or before the date for close of Escrow for such property and that affect the development of the applicable property; and

(b) The Authority shall not be in Material Breach under this DDA.

10.3.2 Authority Conditions to Close of Escrow. The following are conditions precedent to the Authority's obligation to close Escrow for the conveyance of real property from the Authority (or, with respect to Trust Property, the Authority's obligation to enter into an LDDA and Ground Lease for the applicable Trust Property to the extent such condition precedent is applicable), to the extent not expressly waived by the Authority by notice to Developer:

(a) Developer shall have performed all obligations under this DDA and the Schedule of Performance required to be performed by Developer on or before the date for close of Escrow for such property, including, without limitation, (i) paying on behalf of the Authority the Initial Consideration (as defined in the Conveyance Agreement) and any other sums then due and owing from the Authority to the Navy under the Conveyance Agreement as and when due under the Conveyance Agreement as set forth in Section 1.3(a) of the Financing Plan, (ii) paying all Financial Obligations then due and owing from Developer to the Authority, (iii) providing a Guaranty or other form of Adequate Security covering Developer's obligations in the Sub-Phase as set forth in Section 26.4, and (iv) executing and delivering the Reversionary Quitclaim Deed and irrevocable instructions from Developer to the Title Company to the extent required by Section 16.5.

(b) unless previously Approved by the Authority, Developer shall have provided, and the Authority shall have Approved, a detailed construction cost estimate for the Infrastructure and Stormwater Management Controls prepared by a cost estimator Approved by the Authority;

(c) all of the Authority's conditions to Commence the Infrastructure and Stormwater Management Controls as set forth in Section 7.4 shall have been satisfied or waived by the Authority;

(d) Developer shall have furnished certificates of insurance or duplicate originals of insurance policies and/or insurance binders that will provide the required coverage effective as of the date of Developer's ownership, as and to the extent required under the Insurance Requirements;

(e) The Authority has Approved for consistency with this Agreement, the form of the Master Covenants, Conditions and Restrictions ("**Master CC&Rs**") or the document annexing the Sub-Phase to the property encumbered by the Master CC&Rs, as applicable, which Master CC&Rs at a minimum must (i) include provisions requiring all occupants of Market Rate Units to purchase a monthly transit pass, as more particularly described in the Transportation Plan Obligations, (ii) obligate the master homeowner's association, or the applicable Lot owner or individual residential project homeowner's association, to provide for maintenance of the Neighborhood Parks (as shown in the Parks and Open Space Plan) and publicly accessible open space, landscaping and improvements, (iii) obligate the master homeowner's association, or the applicable Lot owner or individual residential project homeowner's association, to maintain all Stormwater Management Controls required to meet SFPUC stormwater management requirements to treat runoff from private development (buildings, courtyards, parks and open space, private alleys, etc.) in accordance with Section 12.3 of the Infrastructure Plan (Proposed Stormwater Treatment System); and (iv) obligate the master homeowner's association to comply with Section 6.3 of the Jobs EOP relating to "Covered Services" described in the Jobs EOP; and

(f) Developer shall not be in Material Breach of this DDA and the Authority shall not have delivered notice of an Event of Default by Developer, unless that Event of Default has been cured as set forth in Article 16.

10.3.3 Mutual Conditions to Close of Escrow. The following are conditions precedent to both Parties' obligations to close Escrow for each conveyance of real property from the Authority to Developer (or, with respect to the Critical Commercial Lots, Developer's and the Authority's obligation to enter into an LDDA for the Critical Commercial Lots to the extent such condition precedent is applicable), to the extent not expressly waived by both Developer and the Authority in writing (although the provisions of paragraphs (a) through (c) are not waivable):

(a) the Authority and State Lands shall have executed the Public Trust Exchange Agreement and the conditions in Article 6 regarding any applicable Public Trust Exchange have been met;

(b) the Authority and the Navy shall have executed the Conveyance Agreement;

(c) the City has approved, and the Authority with Developer's Approval has recorded, a Transfer Map for the applicable property or has otherwise complied with the California Subdivision Map Act and Developer shall have received approval of a Tentative Subdivision Map covering the real property to be conveyed within the Sub-Phase (except for Unrelated Infrastructure and Related Infrastructure outside of the Sub-Phase);

(d) this DDA shall not have terminated as to such real property;

(e) the Authority shall have fee title to the real property being conveyed;

(f) the Title Company shall be irrevocably committed to issue to Developer, upon Developer's payment of the premium, the title insurance required by Section 10.2.4 for the real property, although Developer may elect to take title subject to completion of the Quiet Title Action necessary to remove the exceptions subject to those actions, in which event the Authority and Developer will complete the Quiet Title Action as soon as commercially reasonable following close of Escrow;

(g) the Authority and Developer shall have agreed on the minimum bid price for the Residential Auction Lots and the Non-Critical Commercial Lots within the real property to be conveyed (the "**Minimum Bid Price**") and, if applicable, the Excess Land Appreciation Structure, either as part of a Major Phase Approval, or in connection Sub-Phase Application requesting a change to a previously approved Minimum Bid Price or Excess Land Appreciation Structure, which change has been approved by the Navy to the extent required under the Conveyance Agreement;

(h) in the event there are tenants or other occupants that are actually and lawfully occupying any portion of the property in the applicable Sub-Phase who are entitled under the Transition Housing Rules and Regulations or by applicable law to relocation assistance, such tenants or occupants have been provided Transition Benefits to which they are entitled in accordance with the Transition Housing Rules and Regulations or such applicable law

(the "**Transition Requirements**"), or this condition has otherwise been satisfied in accordance with the procedures set forth in Section 8.4(c) of the Housing Plan.

10.4 Close of Escrow.

10.4.1 Closing Deliveries. At least fifteen (15) days before the date specified for close of Escrow for each real property conveyance from the Authority to Developer, each Party shall furnish the Title Company with appropriate Escrow instructions consistent with, and sufficient to implement the terms of, this Article 10, and will contemporaneously furnish a copy of these instructions to the other Party. At least two (2) Business Days before the date specified for the applicable close of Escrow, each Party shall deposit into Escrow all documents and instruments it is obligated to deposit under this DDA, and at least one (1) Business Day before the date specified for close of Escrow, Developer shall deposit into Escrow all funds it is obligated to deposit under Section 10.4.3.

10.4.2 Conveyance of Title and Delivery of Possession. Provided that the conditions to the Authority's obligations and the conditions to Developer's obligations for the conveyance of the real property have been satisfied or expressly waived by the applicable Party, each as set forth herein, and the mutual conditions have been satisfied or mutually waived (subject to the limitation on waiver set forth in Section 10.3.3), the Authority shall convey to Developer, and Developer shall accept, the applicable real property at the close of Escrow.

10.4.3 Closing Costs and Prorations. Developer shall pay to the Title Company or the appropriate payee all title insurance premiums and endorsement charges, transfer taxes, recording charges and any and all Escrow fees in connection with each conveyance to Developer. Ad valorem taxes and assessments, if any, shall be prorated as of the applicable close of Escrow. Any such taxes and assessments, including supplemental taxes and escaped assessments, levied, assessed, or imposed for any period up to recordation of the Authority Quitclaim Deed or the Ground Lease, shall be borne by the Authority to the extent applicable.

10.4.4 Outside Closing Dates. Each of Developer and the Authority will use commercially reasonable efforts to satisfy the closing conditions set forth in Section 10.3 that are in its control, and will reasonably cooperate with the other Party (not including, unless otherwise required under this DDA, the expenditure of funds) to satisfy conditions that are in the other Party's control. The Authority in its sole and absolute discretion may terminate this DDA as to a particular Sub-Phase without cost or liability by notice to Developer if the Conveyance Agreement has been terminated as to the particular Sub-Phase; provided, however, that to the extent that such termination is subject to arbitration or judicial challenge under the terms of the Conveyance Agreement, such termination has been upheld by an arbitrator and not appealed by Authority, or has been upheld by a court of competent jurisdiction and such decision is final, binding and non-appealable. Upon such termination, the Parties shall have no further rights or obligations to each other under this DDA, except for rights and obligations that are expressly stated to survive termination of this DDA.

10.5 Post-Closing Boundary Adjustments. The Parties acknowledge that as development of the Project Site advances, the description of each parcel of real property may

require further refinements, which may require minor boundary adjustments between the Authority Housing Lots or other property the Authority owns (or acquires as contemplated herein) and parcels conveyed to Developer. The Parties agree to cooperate in effecting any such boundary adjustments required, consistent with this DDA and the Vertical DDA. The Authority and Developer shall include this provision in all agreements with Vertical Developers, TIHDI and Qualified Housing Developers, requiring such parties to cooperate with Developer and the Authority in such boundary adjustments.

10.6 Title Clearance. If the title policy issued to Developer upon the close of Escrow contains exceptions that would adversely affect the development of the real property or the Completion of the Infrastructure and Stormwater Management Controls as required under this DDA, and such exceptions may be removed by means of a Quiet Title Action or street vacation, then the Parties agree to take reasonable actions to eliminate such exceptions, at Developer's sole cost, by means of Quiet Title Action or a supplemental street vacation ordinance.

10.7 Conditions Precedent for Transfers of Lots to Vertical Developers. The following are conditions precedent to Developer's right to convey Lots to Vertical Developers (including entering into Vertical LDDAs for Lots located on Public Trust property to the extent the condition is applicable), unless waived by the Authority Director, although the provisions of paragraphs (a), (d), (e) and (f) shall not be waivable):

(a) the Authority Director shall have Approved the Vertical DDA/LDDA to be executed by Developer, the Authority and Vertical Developer, together with any agreements or documents required by this DDA to be incorporated in the Vertical DDA/LDDA, in accordance with Article 4; provided, however, that Authority Director shall not disapprove any Vertical DDA/LDDA that is substantially in the form of the Vertical DDA/LDDA Form and in compliance with this DDA, including Section 4.1, and all applicable exhibits attached hereto;

(b) Developer shall have satisfied the then current obligations under this DDA and the Schedule of Performance, including the Financing Plan, Housing Plan and the Community Facilities Obligations for the Lot;

(c) Developer shall have recorded the Master CC&Rs against the Lot, which shall be in the form Approved by the Authority in accordance with Section 10.3.2(e).

(d) If Developer is in Material Breach under this DDA, Developer shall have complied with the terms and conditions of Section 4.1 hereof;

(e) for the Transfer of any Lot under Section 17.2 or 17.3, Authority and Developer have complied with the procedures under Sections 17.4 and 17.5; and

(f) Developer shall have recorded in the Official Records a Final Subdivision Map covering the Lot.

11. Property Condition.

11.1 As Is.

11.1.1 The Parties acknowledge that the Authority will receive the Project Site in phases by quitclaim deeds from the Navy under the Conveyance Agreement. Subject to the provisions of Article 10, the Authority shall convey any and all property to be conveyed by the Authority to Developer under this DDA strictly in its "as is, where is" condition with all faults and defects and neither party shall take any actions that materially exacerbate the environmental condition of such property between the date the Navy conveys to the Authority and the date the Authority conveys to Developer. Subject to the provisions of Article 10, Developer agrees to accept the Project Site in its condition at the close of Escrow, acknowledges that notwithstanding anything to the contrary in Article 6 the Authority makes no express or implied representation or warranty as to the condition or title of any real property to be conveyed by the Authority to Developer under this DDA and acknowledges that all necessary physical and title due diligence shall be performed by Developer in accordance with this DDA.

11.1.2 Developer has been given the opportunity to investigate the Project Site fully, using experts of its own choosing, and the Authority shall continue to give Developer such opportunity under a Permit to Enter, with such reasonable conditions as the Authority may impose for any testing. In connection with such investigations, the Authority, at no cost to the Authority, shall cooperate reasonably with Developer and shall afford Developer access, upon not less than five (5) days' prior notice to the Authority, and otherwise at all reasonable times, to such non-privileged books and records as the Authority shall have in its possession or control relating to the prior use and/or ownership of the Project Site.

11.1.3 Developer acknowledges that no City Party has made any representation or warranty, express or implied, with respect to the Project Site, and Developer expressly releases the City Parties from all Losses (as defined in Section 22.1 below) arising out of or relating to the condition of any improvements, the size, suitability or fitness of the land, the existence of Hazardous Substances, compliance with any Environmental Laws, or otherwise affecting or relating to the condition, development, use, value, occupancy or enjoyment of the Project Site, excluding any Losses arising from any Release of a Hazardous Substance to the extent that it is caused, contributed to or exacerbated by a City Party. Nothing in this Agreement shall be construed as a release by Developer of any claims against the United States for any Losses, including without limitation any Losses arising from the Navy's violation of an Environmental Law or its failure to comply with a requirement of the Conveyance Agreement or the Federal Facility Site Remediation Agreement. Developer expressly understands that the portions of the Project Site conveyed by the Authority to Developer are being conveyed strictly in their "as is, where is" condition with all faults and defects. The provisions of this Section 11.1.3 shall survive the close of Escrow.

Developer acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides as follows:

> 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.

Developer waives and relinquishes any right or benefit that it has or may have under Section 1542 of the California Civil Code or any similar or successor provision of law pertaining to the foregoing release.

11.1.4 After the close of Escrow, Developer shall comply with all provisions of Environmental Laws applicable to the real property conveyed to Developer, although Developer shall only be obligated to perform Environmental Remediation as follows:

(a) except as provided in paragraph (b) below, Developer shall perform all Environmental Remediation that may be required under any Environmental Law or this DDA, during the time of Developer's ownership, the cost of which shall be deemed a Project Cost, subject to the applicable limitations set forth in the Financing Plan; and

(b) Notwithstanding any other provision of this Agreement, Developer shall have no obligation to perform any Environmental Remediation that is the Navy's responsibility under the Conveyance Agreement, the Federal Facility Site Remediation Agreement, or applicable Law.

11.1.5 Except as set provided in Section 11.1.4(b), Developer shall perform such Environmental Remediation as may be required to perform its obligations under this DDA in accordance with the Schedule of Performance, the Infrastructure Plan, the Housing Plan, the Parks and Open Space Plan, the Sustainability Obligations, the Community Facilities Obligations, the Transportation Plan Obligations and the Phasing Plan.

11.1.6 The Authority releases Developer, its partners, Affiliates and owners, and the officers, partners, agents, employees and members of each of them (each, a "**Developer Party**"), for any Losses suffered by the Authority relating to (i) the Navy's violation of any Environmental Law or the Navy's failure to comply with a requirement of the Conveyance Agreement or the Federal Facility Site Remediation Agreement, or (ii) any Release of a Hazardous Substance, or any pollution, contamination or Hazardous Substance-related nuisance on, under or from the Project Site, or any other physical condition on the Project Site, to the extent the Release, pollution, contamination, nuisance or physical condition occurred or existed before the conveyance of such property to Developer; provided, however, that this release does not extend to Losses caused by: (A) any Release of a Hazardous Substance to the extent that it is caused, contributed to or exacerbated by a Developer Party or (B) breach of obligations assumed by a Developer Party under any agreement (including this DDA) under which the Developer Party assumes responsibility for any Environmental Remediation. The Authority reserves its rights to enforce Developer's obligations under this DDA and any and all of the foregoing agreements and to take such additional actions as may be set forth in such agreements.

The Authority acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides as follows:

> 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.

The Authority waives and relinquishes any right or benefit that it has or may have under Section 1542 of the California Civil Code or any similar or successor provision of law pertaining to the foregoing release.

11.2 Hazardous Substance Indemnification.

11.2.1 In addition to the Indemnifications set forth in Section 22, Developer shall Indemnify the City Parties from and against any and all Losses incurred by or asserted against any City Party in connection with, arising out of, or in response to, or in any manner relating to:

(a) Developer's breach of any obligation under this DDA with respect to Hazardous Substances;

(b) Developer's violation of any Environmental Law on or relative to the Project Site;

(c) a City Party's indemnification of the State under the Public Trust Agreement Exchange Agreement for the environmental condition of certain land conveyed to the State; provided that if this DDA is terminated for any reason, Developer's Indemnification under this clause (c) with respect to any real property for which Developer did not obtain a Sub-Phase Approval shall terminate on the earlier of (i) the date that the Authority enters into a new disposition and development agreement or similar agreement with a developer that covers the applicable real property, and (ii) four (4) years following the date of termination of this DDA with respect to such real property;

(d) any Release or threatened Release of a Hazardous Substance, or any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from real property at the Project Site (including any Public Property) to the extent the Release, threatened Release, condition, contamination or nuisance commenced or was created during the period of Developer's ownership of such real property or was caused, contributed to, or exacerbated by Developer or others for whom Developer is responsible; provided, that this clause (d) shall not apply as to a City Party to the extent such violation, Release, threatened Release, condition, contamination or nuisance commenced or was created by or caused, contributed to or exacerbated by a City Party.

In addition, notwithstanding the termination language in clause (c) of the foregoing sentence, Developer's Indemnification under this Section 11.2.1 shall not terminate (x) with

respect to the real property for which Developer obtained a Sub-Phase Approval or (y) to the extent the indemnification obligation is covered under clauses (a), (b), or (d) of this Section 11.2.1. Subject to the foregoing, Developer's obligations under this Section 11.2.1 shall: (1) apply regardless of the availability of insurance proceeds; and (2) survive the expiration or other termination of this DDA and the Authority's issuance of the Certificate of Completion for all of the Infrastructure and Stormwater Management Controls related to such Lot.

However, if it is reasonable to assert that a claim for Indemnification under this Section 11.2.1 is covered by a pollution liability insurance policy or the indemnification provisions of Section 330 of the Fiscal Year 1993 National Defense Authorization Act (P.Law 102-484), pursuant to which the Authority and/or such City Party is an insured party or a potential claimant, then the Authority shall reasonably cooperate with Developer in asserting a claim or claims under such insurance policy or indemnity but without waiving any of its rights under this Section 11.2.1. Developer specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City Parties from any claim that may reasonably fall or is otherwise determined to fall within the indemnification provision of this Section 11.2.1, even if the allegations are or may be groundless, false or fraudulent. Developer's obligation to defend under this Section 11.2.1 shall arise at the time such claim is tendered to Developer and shall continue at all times thereafter. Notwithstanding the foregoing, if a City Party is a named insured on a pollution liability insurance policy obtained by the Developer, such City Party will not seek indemnification from Developer under this Section 11.2.1 unless it has asserted and diligently pursued a claim for insurance under such policy and until any limits from the policy are exhausted, on condition that (i) Developer pays any self-insured retention amount required under the policy, and (ii) nothing in this sentence requires any City Party to pursue a claim for insurance through litigation prior to seeking indemnification from Developer.

11.2.2 In addition to the Indemnifications set forth in Section 22, Vertical Developers shall each Indemnify the City Parties from and against any and all Losses incurred by or asserted against any City Party in connection with, arising out of, in response to, or in any manner relating to (i) such Vertical Developer's violation of any Environmental Law on or relative to the Project Site or (ii) any Release or threatened Release of a Hazardous Substance, or any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from real property at the Project Site (including any Public Property) to the extent the Release, threatened Release, condition, contamination or nuisance occurred during the period of such Vertical Developer's ownership thereof or was caused, contributed to, or exacerbated by such Vertical Developer or others for whom such Vertical Developer is responsible, except, as to a City Party, to the extent such violation, Release, threatened Release, condition, contamination or nuisance was caused, contributed to or exacerbated by a City Party. A Vertical Developer's obligations under this Section 11.2.2 shall (1) apply regardless of the availability of insurance proceeds and (2) survive the expiration or termination of this DDA and the Authority's issuance of the Certificate of Completion for all of the Vertical Improvements for such Vertical Developer. However, if it is reasonable to assert that a claim for Indemnification under this Section 11.2.2 is covered by a pollution liability insurance policy or the indemnification provisions of Section 330 of the Fiscal Year 1993 National Defense Authorization Act (P.Law 102-484), under which the Authority and/or such other City Party is an insured party or a potential claimant, then the Authority shall reasonably cooperate with Vertical Developer in asserting a claim or claims under such insurance policy but without waiving any of its rights

under this Section 11.2.2. Each Vertical Developer shall specifically acknowledge and agree that it has an immediate and independent obligation to defend the City Parties from any claim that may reasonably fall or is otherwise determined to fall within the indemnification provision of this Section 11.2.2, even if allegations are or may be groundless, false or fraudulent. A Vertical Developer's obligation to defend shall arise at the time such claim is tendered to such Vertical Developer and shall continue at all times thereafter. Notwithstanding the foregoing, if a City Party is a named insured on a pollution liability insurance policy, such City Party will not seek indemnification from Vertical Developer under this Section 11.2.2 unless it has asserted and diligently pursued a claim for insurance under such policy and until any limits from the policy are exhausted, on condition that (i) Vertical Developer pays any self-insured retention amount required under the policy, and (ii) nothing in this sentence requires any City Party to pursue a claim for insurance through litigation prior to seeking indemnification from Vertical Developer.

11.2.3 The term "**Hazardous Substance**" means any material, waste, chemical, compound, substance, mixture, or byproduct that is identified, defined, designated, listed, restricted or otherwise regulated under Environmental Laws as a "hazardous constituent", "hazardous substance", "hazardous waste constituent", "infectious waste", "medical waste", "biohazardous waste", "extremely hazardous waste", "pollutant", "toxic pollutant", or "contaminant", or any other designation intended to classify substances by reason of properties that are deleterious to the environment, natural resources, wildlife or human health or safety, including, without limitation, ignitability, infectiousness, corrosiveness, radioactivity, carcinogenicity, toxicity and reproductive toxicity. Hazardous Substance includes, without limitation, any form of natural gas, petroleum products or any fraction thereof, asbestos, asbestos-containing materials, polychlorinated biphenyls ("**PCBs**"), PCB-containing materials, and any substance that, due to its characteristics or interaction with one or more other materials, wastes, chemicals, compounds, substances, mixtures or byproducts, damages or threatens to damage the environment, natural resources, wildlife or human health or safety.

11.2.4 The term "**Environmental Laws**" includes all applicable present and future federal, State and local laws, statutes, rules, regulations, ordinances, standards, directives, and conditions of approval, all administrative or judicial orders or decrees and all permits, license approvals or other entitlements, or rules of common law pertaining to Hazardous Substances, the protection of the environment, natural resources, wildlife, human health or safety, or employee safety or community right-to-know requirements related to the work being performed under this DDA or a Vertical DDA.

11.2.5 The term "**Release**" means any accidental or intentional spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the air, soil gas, land, surface water, groundwater or environment (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any Hazardous Substance). The term includes a threatened "Release" but does not include any passive migration of a Hazardous Substance through the air, soil gas, land, surface water or ground water after the Hazardous Substance has been previously spilled, leaked, pumped, poured, emitted, discharged, injected, escaped, leached, dumped or disposed into the air, soil, gas, land, surface water or groundwater.

11.3 Environmental Insurance. The Parties shall obtain, at Developer's sole cost, pollution legal liability insurance as specified in the Insurance Requirements, except to the extent insurance meeting such specifications cannot be obtained for a commercially reasonable premium, in which case the failure to obtain such pollution legal liability insurance shall not be an Event of Default hereunder, but shall be considered an event of Force Majeure. The Authority and Developer each will use commercially reasonable efforts to obtain the environmental insurance policy proceeds when applicable, and will reasonably cooperate with each other in connection with pursuing claims under the policies.

11.4 Damage and Destruction. From and after the Effective Date, Developer shall assume all risk of damage to or destruction of real property to be conveyed to Developer under this DDA, subject to the terms of this Section 11.4. Since Developer plans to develop the Project Site, any existing improvements that are not required by a Major Phase Approval to remain do not have significant value for Developer, and therefore damage to or destruction of such improvements will not affect the Parties' rights and obligations under this DDA, which will continue in full force and effect without any modification except as set forth below. If permitted by applicable law, the Authority shall assign to Developer at close of Escrow any and all unexpended insurance proceeds and any uncollected claims and rights under insurance policies covering such damage or destruction, if any. But, if solely as a result of an earthquake, flood, other act of God or other casualty event outside of Developer's reasonable control occurring after the Effective Date but before close of Escrow for the real property in a Sub-Phase, the estimated cost to construct the Infrastructure and Stormwater Management Controls for the Sub-Phase, net of any available insurance proceeds, exceeds Developer's then current construction cost estimates (without reference to the damage or destruction) by more than twenty percent (20%), Developer shall have the right, as its sole remedy, to terminate this DDA as to the Sub-Phase in question by notice to the Authority; provided, however, that prior to termination, Developer may deliver a Requested Change Notice to the Authority in accordance with Section 3.8.2. In addition, if an earthquake or other event referenced above occurs, Developer will arrange with commercially reasonable promptness, in light of the circumstances, to have an updated construction cost estimate for the Infrastructure and Stormwater Management Controls for such Sub-Phase, and applicable Major Phase, prepared by a construction cost estimator Approved by the Authority Director. The updated construction cost estimate will reflect any additional costs caused by the earthquake or other event referenced above, and the estimator shall be instructed to deliver copies of its estimate to Developer and the Authority, each of whom will confirm receipt by notice to the other. If the updated construction cost estimate exceeds Developer's most recent prior construction cost estimate by at least the percentage specified above, then Developer may terminate this DDA for the real property in question by notice to the Authority within one hundred twenty (120) days after receipt of the updated estimate. If the updated estimate does not exceed the prior construction cost estimate by such percentage, Developer does not elect to terminate, or Developer fails to respond within such one hundred twenty (120) day period, the Parties' rights and obligations under this DDA will not be affected and this DDA shall continue in full force and effect without regard to such damage or destruction, provided, that Developer and the Authority shall reasonably revise the Schedule of Performance to reflect any additional time Developer may need to make adjustments to the Infrastructure and Stormwater Management Controls or other plans for the applicable property. The Authority will have no obligation to repair any improvements on the Project Site or have any liability for their damage or destruction, however caused.

11.5 Proportionality. If Developer's proposed termination of a Sub-Phase under Section 11.4 would result in a violation of the proportionality principle set forth in Section 1.7, as reasonably determined by the Authority Director, then the Authority Director shall so notify Developer and the Parties shall negotiate in good faith for a proposed resolution that maintains the benefit of the bargain for both Parties. The period of such good faith negotiations shall be Administrative Delay. If the Parties are unable to reach agreement within one hundred twenty (120) days after Developer's receipt of the Authority's notice, then either Developer or the Authority may submit the matter to arbitration under Section 15.2.

11.6 Deed Restrictions. The Parties anticipate that the environmental remedies selected by the Navy in Final Records of Decision for certain real property in the Project Site will require the imposition of land use and activity restrictions on such property. Such land use restrictions will be contained in quitclaim deeds from the Navy for such property or in other enforceable restrictions imposed on such property.

12. Amendments to Transaction Documents. The Authority shall not approve, recommend, or forward to the Board of Supervisors or any City Agency or Governmental Entity for approval any termination of or amendment, supplement, or addition to any component of the Transaction Documents or Development Requirements (an "**Amendment Action**") unless consistent with this Section 12.

12.1 Before Issuance of the Last Certificate of Completion. Before issuance of the last Certificate of Completion for the Project (including all Horizontal and Vertical Improvements contemplated under this DDA as of the Reference Date or Approved by the Authority at any time thereafter), the Authority may only take an Amendment Action without Developer's Consent if such Amendment Action would be permitted under the Development Agreement.

12.2 Following Issuance of the Last Certificate of Completion. Following issuance of the last Certificate of Completion for the Project (including all Improvements contemplated under this DDA as of the Reference Date or at any time thereafter) within the Project Site, the Authority may take an Amendment Action without Developer's Consent if the Amendment Action would be permitted under the Development Agreement. The provisions of this Section 12.2 shall survive the termination of this DDA.

12.3 Prior to Completion of Reimbursements under Financing Plan or Acquisition and Reimbursement Agreement. To the extent that the Authority has any outstanding obligations to Developer under the Financing Plan or any Acquisition and Reimbursement Agreement, the Authority may not without Developer's Consent take an Amendment Action that would adversely affect in any material respect (i) the continuing rights and obligations of Developer under this DDA, (ii) the Authority's ability to satisfy its obligations to Developer under this DDA (including, but not limited to, the Financing Plan and any Acquisition and Reimbursement Agreement) or (iii) the amount or timing of any payments due to Developer from the Funding Sources under this DDA (including the Financing Plan and any Acquisition and Reimbursement Agreement) unless such Amendment Action would be permitted under the Development Agreement.

12.4 Developer's Consent. As used in this Article 12, "**Developer's Consent**" means the prior written consent of Treasure Island Community Development, LLC, acting as Master Developer, except to the extent that the right to provide such consent (i) has been Transferred under Section 21.3, in which case Developer's Consent shall mean the prior written consent of the applicable Transferee, or (ii) has been pledged to a Mortgagee, in which case Developer's Consent shall also mean the prior written consent of the Mortgagee to the extent the Mortgage documentation so requires or (iii) has been granted to a Vertical Developer under a Vertical DDA/LDDA, in which case Developer's Consent shall mean the prior written consent of the applicable Vertical Developer; provided, that Developer's Consent shall only apply to a Party if that Party is affected by the proposed Amendment Action. Any Person entitled to give Developer's Consent shall have the right to grant or deny such consent in its sole discretion. Developer's Consent shall not be required of a Person that is then in Material Breach or has committed an Event of Default unless and until the Material Breach or Event of Default has been cured.

12.5 Notice Regarding Amendment Action. At least fifteen (15) Business Days before proposing or taking any Amendment Action, the Authority shall provide notice of such Amendment Action to Developer and each Vertical Developer, including the text of any such Amendment Action.

13. Compliance with Plans and Policies; Payment of Subsidies.

13.1 Compliance with Plans and Obligations. Developer and the Authority shall each at all times comply with the applicable provisions of the following Plans and Obligations, which are attached hereto and incorporated herein by this reference:

13.1.1 the Financing Plan

13.1.2 the Housing Plan;

13.1.3 those provisions of the Community Facilities Plan set forth in Exhibit F attached hereto (the "**Community Facilities Obligations**");

13.1.4 the Parks and Open Space Plan (including the provisions of the Habitat Management Plan incorporated therein);

13.1.5 the provisions of the Transportation Plan set forth in Exhibit N attached hereto (the **"Transportation Plan Obligations"**);

13.1.6 the Infrastructure Plan; and

13.1.7 those provisions of the Sustainability Plan set forth in Exhibit O attached hereto (the "**Sustainability Obligations**").

13.1.8 Jobs and Equal Opportunity Program. Developer, the Authority and, to the extent required in its Vertical DDA/LDDA, each Vertical Developer, shall at all times comply with the Treasure Island Jobs and Equal Opportunity Program attached hereto as Exhibit P (the "**Jobs EOP**").

13.2 Relocation Plans. The Authority shall consult with the Developer regarding, and the Authority and Developer shall cooperate in effecting, any relocations required pursuant to the Transition Requirements in an efficient manner and in accordance with relocation plans prepared by Developer and Approved by the Authority, including but not limited to the Transition Housing Rules and Regulations. Notwithstanding the foregoing, any and all relocation obligations shall be performed and satisfied in accordance with applicable law.

13.3 Developer Subsidies. Developer shall pay to Authority the following subsidies (collectively, the "**Subsidies**"):

13.3.1 Open Space Annual Subsidy: Developer shall pay to the Authority a subsidy for the costs of operating and maintaining Improvements constructed pursuant to the Parks and Open Space Plan in accordance with Section 2.7 of the Financing Plan.

13.3.2 Transportation Subsidies:

(a) Developer shall pay to the Authority a subsidy for the costs of the operation of transit facilities as provided for in the Transportation Plan in accordance with this Section (the "**Annual Transportation Subsidy**"). Developer shall pay the Annual Transportation Subsidy in annual installments (each, an "**Annual Transportation Subsidy Payment**") commencing on June 30 of the year that operation of the first new on-island shuttle, AC Transit bus or ferry begins service to or within the Project Site and each year thereafter (each a "**Transportation Subsidy Payment Date**"), provided, however, that for the first year only, the Annual Transportation Subsidy Payment shall be paid within thirty (30) days after the first new on-island shuttle, AC Transit bus or ferry begins service if service commences after June 30 of that year.

(b) Starting with the Reference Date, Authority shall be credited with a non-cash "**Transportation Subsidy Account**" balance of Thirty Million Dollars ($30,000,000). The amount of each Annual Transportation Subsidy Payment shall be the lesser of (i) the amount of subsidy needed for transit facility operations as shown in the annual budget adopted by the Treasure Island Transportation Management Agency ("**TITMA**"), and (ii) an "**Annual Transportation Subsidy Maximum Amount**" of Four Million Dollars ($4,000,000.00). If the Annual Transportation Subsidy Payment in any year is less than the Annual Transportation Subsidy Maximum Amount, then the unused amount shall be applied to the Annual Transportation Subsidy Maximum Amount for the subsequent year, and such amount shall become the new Transportation Subsidy Maximum Amount for that year.

(c) The Annual Transportation Subsidy Payment shall reduce the Transportation Subsidy Account balance by a corresponding amount. At the end of each Authority Fiscal Year, commencing at the end of the Authority Fiscal Year in which the Reference Date occurs, the Transportation Subsidy Account balance remaining after the Annual Transportation Subsidy Payment has been made shall be credited with interest based on the increase in the Index over the prior twelve month period (except that the first interest credit shall be based on the period from the Reference Date to the end of the Authority Fiscal Year in which the Reference Date occurs). Developer's obligation to pay the Annual Transportation Subsidy shall cease when the Transportation Subsidy Account balance has been exhausted. Developer

shall have no obligation to increase the available balance in the Transportation Subsidy Account at any time after the account is first established.

(d) If upon Completion of the southern breakwater, as described in the Infrastructure Plan, there remains an unused balance in the Transportation Subsidy Account, Developer, upon Authority's written request, shall pay all unused amounts to Authority.

(e) Authority shall assign all Transportation Subsidy Payments to TITMA to the extent required, provided, however, that in all events such funds shall be restricted to use for operating transit and maintaining transportation facilities in accordance with TITMA's governing documents and approved budget. Commencing in the year prior to the first year in which the Transportation Subsidy Payment occurs and each year thereafter, Authority shall meet and confer with Developer and the TITMA to review a preliminary budget and transit service plan anticipated for the upcoming year. This meet and confer process shall be coordinated with the TITMA's budgeting process and any consultations by TITMA with the Water Emergency Transit Agency, AC Transit, or other transit providers. Developer shall have the right to comment on the preliminary budget and service plan, and propose revisions reasonably designed to achieve cost savings, efficiencies or better transportation operations. Authority shall cooperate with Developer and the TITMA in good faith to implement such reasonable revisions proposed by Developer, other than as a result of the accrual of interest earnings set forth herein.

(f) Transportation Capital Contributions Subsidy: Developer shall pay Authority a "**Transportation Capital Contributions Subsidy**" in accordance with this Section. Starting on the Reference Date, Authority shall be credited with a non-cash "**Transportation Capital Contribution Account**" balance of One Million Eight Hundred Thousand Dollars ($1,800,000), adjusted annually at the end of each Authority Fiscal Year by the increase in the Index over the prior twelve month period (except that the first interest credit shall be based on the period from the Reference Date to the end of the Authority Fiscal Year in which the Reference Date occurs). Upon request by the SFMTA when required to pay for the purchase of a Muni bus necessary to serve the Project, Developer shall pay SFMTA the lesser of (i) 20% of the cost of the SFMTA bus, or (ii) Three Hundred Thousand Dollars ($300,000) adjusted by the percentage increase, if any, between the Index published in the month prior to the Reference Date and the Index published for the month prior to the applicable payment (or if no Index is published for the applicable month, the Index for the closest preceding month for which the Index is published). Each SFMTA bus payment shall reduce the Transportation Capital Contribution Account balance. If at the time SFMTA purchases its sixth bus, there remains an unused balance in the Transportation Capital Contribution Account, Developer upon Authority's written request, shall pay all unused amounts to SFMTA.

(g) Additional Transportation Subsidy. Notwithstanding anything in this Agreement to the contrary, after the first certificate of occupancy (whether temporary or final) has been issued for the 4,000th dwelling unit on the Project Site, the Authority and the San Francisco County Transportation Authority ("**SFCTA**") shall have the right in accordance with the process described in this Section 13.3.2(g) to require further

commitments from Developer to reduce automobile car trips during the peak hour and improve transit usage.

(i) Within one year after the issuance of the certificate of occupancy for the 4000th dwelling unit on the Project Site, the Authority shall (x) prepare, at Developer's cost, a report that analyzes the travel behavior of island residents, (y) hold a duly noticed public meeting of the Authority's Board of Directors on the report, and (z) make a recommendation to the SFCTA regarding the need to implement additional transportation demand management programs to reduce automobile car trips during the peak hour and improve transit usage.

(ii) In the event that the report shows the residential transit mode share, measured as a percentage of residential transit trips out of the total residential off-Island person-trips, during the weekday morning and evening peak hour is 50% or less, then, within ninety (90) days of the report and the Authority's recommendation to the Clerk of the SFCTA, the SFCTA may require that the Developer pay to TITMA an additional transportation subsidy (the "**Additional Transportation Subsidy**") in the total amount of $5 million, in five (5) consecutive annual installments of $1 million each. The annual installments of the Additional Transportation Subsidy shall commence on June 30 of the year that the SFCTA requires the Additional Transportation Subsidy, provided that for the first year only, the annual Additional Transportation Subsidy payment shall be paid within thirty (30) days of the SFCTA's demand. The Additional Transportation Subsidy shall accrue interest in the same manner as provided in this Section 13.3.2 with respect to the Annual Transportation Subsidy.

13.3.3 Community Facilities Subsidy:

(a) As part of each Major Phase Application and Approval, the Developer and the Authority shall meet and confer to determine which Community Facility Obligations (as set forth in Exhibit F) will be met within that Major Phase and related Sub-Phases with the final determination to be made by the Authority as part of the Major Phase Approval. The Authority and the Developer will meet and confer to discuss whether the physical space for the applicable community facility will be developed by Developer in connection with its development of an identified Sub-Phase or if Developer will pay a subsidy to the Authority for the Authority to provide such space within the identified Sub-Phase (in either case, the "**Community Facilities Subsidy**"), with the final determination to be made by the Authority as part of the Major Phase Approval.

(b) If the Major Phase Approval provides that Developer will develop the community facility, then in connection with the Sub-Phase Application that contains the applicable community facility, Developer shall submit to Authority for its review and Approval a budget and program description detailing the use of the funds for the applicable community facility and the proposed size of the community facility. If Developer is to pay the Community Facilities Subsidy to Authority, then in connection with the Sub-Phase Approval that contains the applicable community facility, Authority shall submit to Developer for its review and Approval a budget and program description detailing the use of the funds for the applicable community facility. It shall be reasonable for the applicable reviewing Party to withhold its Approval if the proposed community facility is inconsistent with the Community Facility

Obligation, if the amounts requested are budgeted for programming and/or operations, as opposed to capital expenditures, or if the proposed budget amount would exceed the Major Phase Community Facilities Maximum Amount (as described in the following paragraph).

(c) Starting with the Reference Date, Authority shall be credited with a non-cash Community Facilities account balance of Twelve Million Dollars ($12,000,000), which includes a Two Million Five Hundred Thousand Dollars ($2,500,000) subsidy for the child-care facility described in the Community Facilities Obligations. If the Major Phase Approval requires Developer to develop the community facility, Developer shall develop the community facility as part of the applicable Sub-Phase. If the Major Phase Approval requires Developer to pay the Community Facilities Subsidy to Authority, it shall do so within thirty (30) days after Authority's request made at any time after Commencement of the applicable Sub-Phase. In either case, the maximum amount of the applicable Community Facilities Subsidy that Developer is obligated to pay (i.e. either the maximum amount to be expended by Developer on all hard and soft costs for its development of the Community Facility or the maximum amount to be paid to Authority if Authority is to construct the Community Facility) shall be the lesser of (i) the amount of subsidy Approved by Parties as part of the Sub-Phase Application, and (ii) a "**Major Phase Community Facilities Maximum Amount**" of Two Million Three Hundred Seventy Five Thousand Dollars ($2,375,000.00), excluding the amount for the child-care facility. If the Community Facilities Subsidy in any Major Phase is less than the Major Phase Community Facilities Maximum Amount for that Major Phase, then the unused amount shall be applied to the Major Phase Community Facilities Maximum Amount for the next Major Phase for which an Application is submitted to the Authority, and such amount shall become the new Major Phase Community Facilities Maximum Amount for that Major Phase.

(d) Each Community Facilities Subsidy payment (i.e., the amount either paid by Developer to Authority, or the actual amount expended by Developer for reasonable and customary hard and soft costs for construction of the applicable Community Facility as evidenced by invoices, proofs of payment and other reasonably satisfactory evidence submitted to Authority of total hard and soft costs incurred by Developer upon Completion of the applicable community facility) shall reduce the Community Facilities account balance by the corresponding amount. Each year, the Community Facilities account balance remaining after a Community Facilities Subsidy payment has been made shall be credited with interest based on the increase in the Index over the prior twelve month period (except that the first interest credit shall be based on the period from the Reference Date to the end of the Authority Fiscal Year in which the Reference Date occurs). Developer's obligation to pay the Community Facilities Subsidy shall cease when the Community Facilities account balance has been exhausted. Developer shall have no obligation to increase the available balance in the Community Facilities account at any time after the account is first established, other than as a result of the accrual of interest as set forth herein.

(e) If, upon Approval of the Major Phase Application of Major Phase 4, there remains a balance in the Community Facilities account, Developer, upon Authority's written request, shall pay an amount equal to the unused balance to Authority for uses consistent with the Community Facilities Plan.

13.3.4 Developer Housing Subsidy. Developer shall pay to the Authority a subsidy for the development of Authority Housing Units on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations (the **"Developer Housing Subsidy**"). The Developer Housing Subsidy shall be paid over time as set forth in the Housing Plan, and shall equal the total number of Market Rate Units allowed to be constructed on each Market Rate Lot as set forth in the Vertical DDA for such Lot multiplied by Seventeen Thousand Five Hundred Dollars ($17,500), subject to the minimum and maximum requirements set forth in Section 6.1(b) of the Housing Plan. In addition, Developer shall pay to the Authority the Housing Costs payment described in Section 3.6 of the Financing Plan.

13.3.5 School Improvement Payment:

(a) Developer shall pay to the Authority a Five Million Dollar ($5,000,000) subsidy to be used only for the refurbishment of school facilities on Treasure Island (the "**School Subsidy**"). Commencing on the Reference Date, Authority shall be credited with a non-cash School Subsidy account balance of Five Million Dollars ($5,000,000). At the end of each Authority Fiscal Year, commencing at the end of the Authority Fiscal Year in which the Reference Date occurs, the School Subsidy account balance shall be credited with interest based on the percentage increase in the Index over the prior twelve (12) months (except that the first interest credit shall be based on the period from the Reference Date to the end of the Authority Fiscal Year in which the Reference Date occurs). Developer shall have no obligation to replace the available balance in the School Subsidy account at any time after the account is first established, other than as a result of the accrual of interest as set forth herein.

(b) The School Subsidy shall be payable to Authority for use by the San Francisco Unified School District ("**SFUSD**") or the Authority (through a qualified school of its choosing), if SFUSD or the Authority (through a qualified school of its choosing) undertakes the refurbishment of the existing school on Treasure Island for use as a K-5 or K-8 school by obtaining a building permit and commencing work. Notwithstanding the foregoing, if SFUSD or the Authority has not obtained a building permit and commenced work on the school prior to issuance of a building permit for the 2,500th Residential Unit, then at any time thereafter prior to SFUSD or the Authority obtaining a building permit to commence refurbishment work of the existing school facilities for a K-5 or K-8 school, Developer shall be entitled to identify a qualified school operator subject to the Authority's Approval to enter into an LDDA and a Ground Lease with the Authority for the refurbishment of the existing school facilities as a K-5 or K-8 school, or at such other location on the Project Site as Approved by the Authority. Such Ground Lease shall be at no rent and on such other terms as are mutually agreed-upon by the parties, and the School Subsidy shall be applied to the refurbishment of the existing school by the applicable school operator for use as a K-5 or K-8 school.

13.3.6 Ramps/Viaduct Subsidy. Developer shall pay a subsidy to the Authority for reimbursement for the costs of construction of ramps and viaduct improvements on Yerba Buena Island (the "**Ramps Subsidy")**. The Ramps Subsidy shall be equal the "TIDA Reimbursement Obligation" due from the Authority to the SFCTA in accordance with Section 4 of the Memorandum of Agreement for Project Management and Oversight, Engineering and Environmental Services for the Yerba Buena Improvements Project dated July 1, 2008, as amended (the "**SFCTA MOA**"). The Ramps Subsidy shall be payable to the Authority (or at the

Authority's request, directly to the SFCTA) as a City Cost, in accordance with Section 19.8 hereof, and the amounts and the due dates for payment of the Ramps Subsidy shall be consistent with the TIDA Reimbursement Obligation under Section 4 of the SFCTA MOA, as amended.

13.3.7 Fill Payment: Developer shall have the right to use dirt from the fill stockpile located on a portion of the Project Site that is the subject of the agreement between Authority and D.A. McCosker Construction Co., dated June 8, 2010 (the **"Soil Stockpile**"), from time to time during construction of Infrastructure and Stormwater Management Controls. Developer's use of the fill shall be pursuant to a Permit to Enter. Developer shall pay Authority for the use of the fill at the rate of Three Dollars and Fifty Cents ($3.50) per cubic yard as such fill is removed from the Soil Stockpile in accordance with the Permit to Enter. If any fill remains in the Soil Stockpile after December 31, 2015, Developer shall pay Authority a fill removal subsidy based on the remaining amount of fill times $3.50 per cubic yard, in three (3) equal annual installments commencing on February 1, 2016, up to a maximum amount of One Million Dollars ($1,000,000).

13.3.8 TIHDI Job Broker Program Subsidy. Developer shall pay the TIHDI Job Broker Program Subsidy to fund the TIHDI Job Broker program in accordance with the terms of Section 9 of the Jobs EOP.

14. [Reserved].

15. Resolution of Certain Disputes.

15.1 Arbitration Matters and Expedited Issues.

15.1.1 Each of the following is an "**Arbitration Matter**" following notice from one Party to another Party that a dispute exists as to such matter: (i) disapproval by the Authority of Construction Documents for Infrastructure and Stormwater Management Controls, but not the failure of the Authority to grant a Certificate of Completion (and any consent necessary from the Department of Public Works or any other City Agency shall not be governed by this DDA); (ii) the Parties' failure to reach agreement under Section 11.5 [Proportionality]; (iii) the failure of the Authority Director to Approve a Vertical DDA or Vertical LDDA; (iv) disputes under Articles 17 [Sale of Lots], Article 24 [Excusable Delay]; (v) the sufficiency of Adequate Security provided under Article 26, but not any disputes regarding the right to call or act upon Adequate Security or the failure of an obligor of Adequate Security to perform its obligations under the Adequate Security; (vi) disputes related to the Work Program and Redesign Budget described in Section 6.2.5; and (vii) disputes under provisions set forth in Exhibits to this DDA that call for or permit arbitration and do specify a specific arbitration process.

15.1.2 Each of the following is an "**Expedited Arbitration Matter**" following notice from on Party to another Party that a dispute exists as to such matter: (i) Major Phase Decisions; (ii) proposed amendments to appraisal instructions (pursuant to Section 17.4.2); (iii) proposed additions or subtractions to the Qualified Appraiser Pool (pursuant to Section 17.4.1); or (iv) proposed additions or subtractions to the Pre-Approved Arbiters List (pursuant to Section 15.3.1).

15.1.3 Any other provision of this Agreement notwithstanding, (i) Expedited Arbitration Matters shall be resolved by binding arbitration in accordance with the expedited dispute resolution procedure set forth in Section 15.3.2, (ii) Arbitration Matters shall be resolved by non-binding arbitration in accordance with the non-binding arbitration procedures set forth in Section 15.3.3, and (iii) such other disputes under this Agreement shall be resolved either by non-binding arbitration in accordance with the non-binding arbitration procedures set forth in Section 15.3.3 if the Parties mutually agree, or barring such mutual agreement as to a particular other dispute, in accordance with this Agreement and all applicable laws.

15.2 Good Faith Meet and Confer Requirement.

15.2.1 With respect to any dispute regarding an Arbitration Matter or an Expedited Arbitration Matter, the Parties shall make a good faith effort to resolve the dispute prior to submitting the dispute to arbitration. Within five (5) Business Days after a request to confer regarding an identified matter, representatives of the Parties who, if permissible, are vested with decision-making authority shall meet to resolve the dispute. If the Parties are unable to resolve the dispute at the meeting (or such longer time as each Party may agree each in its sole discretion), the matter shall immediately be submitted to the expedited dispute resolution process set forth in Section 15.3.2 for Expedited Arbitration Matters and the general dispute resolution process set forth in Section 15.3.3 for Arbitration Matters.

15.2.2 With respect to any other dispute arising hereunder this DDA, the Parties shall make a good faith effort to resolve the dispute in the most expeditious manner possible. Within five (5) Business Days after receipt of the notice of dispute, representatives of the affected Parties shall meet to resolve the dispute. If the Parties are unable to resolve the dispute in good faith within ten (10) Business days after receipt of the notice of dispute, the Parties shall either agree within ten (10) Business Days after receipt of the notice of dispute to proceed with the non-binding arbitration procedures set forth in Section 15.3.3, or barring such agreement, either Party may proceed unilaterally as permitted by this Agreement or by law. Notwithstanding the foregoing, if Developer or the Authority Director (but not the Authority Board) fails to Approve a matter as to which it is required by this DDA to be reasonable, the Party who requested the Approval shall have the right to submit the matter of whether the failure to Approve was reasonable to the arbitration procedures set forth in Section 15.3.3.

15.3 Dispute Resolution Procedures.

15.3.1 Arbiters. The arbitrator ("**Arbiter**") of Arbitration Matters and Expedited Arbitration Matters will be selected by mutual agreement of the parties to be determined no later than thirty (30) days prior to the Initial Closing under the Conveyance Agreement from a list of pre-approved Arbiters attached hereto as Exhibit Q (the "**Pre-Approved Arbiters List**"). The Arbiter will hear all disputes under this Agreement unless the Arbiter is not available to meet the time schedule set forth herein, in which case the Parties may agree to direct the dispute to another Arbiter on the Pre-Approved Arbiters List. If none of the Arbiters listed is able or willing to serve, the parties shall mutually agree on the selection of an Arbiter to serve for the purposes of this dispute. The Arbiter appointed must meet the Arbiters' Qualifications. The "**Arbiter's Qualifications**" shall be defined as at least ten (10) years experience in a real property professional capacity, such as a real estate appraiser, broker, real

estate economist, or attorney, in the Bay Area. The Parties shall review the Pre-Approved Arbiters List on an annual basis, determine the continued availability and willingness to serve of each Arbiter, and may at that time or from time to time, seek to add or subtract arbiters from the Pre-Approved Arbiter List, by notice in writing to the other Party. Any such notice will be accompanied by supporting documentation of the new proposed Arbiter's qualifications or with the reasons for seeking to remove an Arbiter from the Pre-Approved Arbiters List, as applicable. The other Party shall have fifteen (15) Business Days to respond in writing to such request, and failure to respond shall be deemed consent so long as the notice shall include a statement providing that the failure to respond in such fifteen (15) Business Day period shall be deemed consent. If the other Party objects, the Parties shall confer pursuant to Section 15.2.2 and thereafter such disputes (if still unresolved after conferring) shall be referred to arbitration pursuant to Section 15.3.2. Notwithstanding the foregoing, if based upon the annual review or at any time during the Term, the Parties become aware that an Arbiter has become unavailable to serve in any prospective Arbitration or has expressed an unwillingness to continue to serve, the Parties shall replace that Arbiter with a new Arbiter mutually agreed-upon by the Parties.

15.3.2 Expedited Dispute Resolution Procedure. The Party(ies) disputing any Expedited Arbitration Matter shall, within fifteen (15) Business Days after submittal of the dispute to arbitration, submit a brief with all supporting evidence to the Arbiter with copies to all Parties. Evidence may include, but is not limited to, expert or consultant opinions, any form of graphic evidence, including photos, maps or graphs and any other evidence the Parties may choose to submit in their discretion to assist the Arbiter in resolving the dispute. In either case, any interested Party may submit an additional brief within five (5) Business Days after distribution of the initial brief. The Arbiter thereafter shall hold a telephonic hearing and issue a decision in the matter promptly, but in any event within twenty-five (25) Business Days after the initiation of the arbitration, unless the Arbiter determines that further briefing is necessary, in which case the additional brief(s) addressing only those items or issues identified by the Arbiter shall be submitted to the Arbiter (with copies to all Parties) within ten (10) Business Days after the Arbiter's request, and thereafter the Arbiter shall hold a telephonic hearing and issue a decision promptly but in any event within ten (10) Business Days after submission of such additional briefs, and no later than forty-five (45) Business Days after the initiation of the arbitration. The decision of the Arbiter will be final, binding on the Parties and non-appealable.

15.3.3 Non-Binding Arbitration Process for Other Disputes.

(a) Election to Participate in Non-Binding Arbitration. For Arbitration Matters and other disputes under this DDA that the parties agree to arbitrate in accordance with Section 15.2.2, the Parties shall submit the dispute to non-binding arbitration by notifying the Arbiter (selected as described in Section 15.3.1) of the dispute within ten (10) Business Days after expiration of the good faith meet and confer provisions of Section 15.2. Thereafter, within ten (10) Business Days, each Party to the dispute shall submit to the Arbiter and serve on the other Party to the non-binding arbitration a short statement of the dispute and a proposed discovery and hearing schedule.

(b) Preliminary Hearing. Within twenty (20) Business Days after notice of the election to participate in non-binding arbitration, the Arbiter shall conduct, either telephonically or in-person, a preliminary hearing. At the preliminary hearing the Arbiter

shall decide discovery and briefing issues and set dates, including a hearing date. In resolving discovery issues, the Arbiter shall consider expediency, cost effectiveness, fairness, and the needs of the Parties for adequate information with respect to the dispute.

(c) Retention of Consultants. The Parties by mutual agreement may retain consultants to assist the Arbiter in the course of Arbitration, if requested by the Arbiter. In his or her request, the Arbiter shall provide to all Parties to the dispute an explanation for the need for the consultant, the consultant's identity, hourly rate, and the estimated costs of the service. All Parties to the dispute must approve the retention of the consultant and, if retention of the consultant is approved, how the Parties will share the cost of the consultant. The consultant's cost shall not exceed $10,000 without the prior written consent of the Parties to the dispute.

(d) Commencement of Non-Binding Arbitration. The non-binding arbitration hearing shall commence no later than sixty (60) days after the initial preliminary hearing, unless the Parties to the dispute mutually agree to extend the date or the Arbiter extends the date.

(e) Additional Procedural Requirements. The procedural rules of the non-binding arbitration under Section 15.3.3 shall be supplemented by any non-conflicting non-binding arbitration procedures of other alternative dispute resolution providers as may be mutually agreed upon by the Parties from time to time, applicable to commercial non-binding arbitration, and may be modified by agreement of the Parties.

(f) Decision of Arbiter. The Arbiter shall make a written non-binding advisory decision, specifying the reasons for the decision, within twenty (20) calendar days after the hearing. Each Party will give due consideration to the Arbiter's decision prior to pursuing further legal action, which decision to pursue further legal action shall be made in each Party's sole and absolute discretion.

(g) Time Period to Complete Non-binding Arbitration. The non-binding arbitration shall be completed within eighty (80) calendar days of the preliminary hearing, unless the parties to the dispute mutually agree to extend the date or the Arbiter extends the date.

15.3.4 Additional Provisions Governing Non-binding Arbitration of Disputes.

(a) Disputes Involving Arbitrability of Disputes. The Arbiter shall decide any dispute involving either the right to have a disputed matter submitted to non-binding arbitration or whether the matter is properly the subject of the expedited dispute resolution procedure pursuant to Section 15.3.2. The Parties to such dispute shall provide notice of the dispute and submit in writing their respective positions regarding the dispute to the Arbiter. No such submission shall exceed ten double spaced pages. The Arbiter shall make his or her decision within five (5) days of the last submission.

(b) No Res Judicata or Collateral Estoppel Effect. Any determination or finding of any non-binding arbitration conducted pursuant to this Article shall

not have any res judicata or collateral estoppel effect in any other non-binding arbitration conducted pursuant to this Article, or in any other action commenced by any person(s) or entity(ies) whomsoever in state or federal court, whether or not Parties to this Agreement.

(c) No Ex Parte Communications. No Party or anyone acting on its behalf shall have any ex parte communication with the Arbiter with regard to any matters in issue. Communications concerning procedural matters such as scheduling shall not be included in this prohibition.

(d) Submission. Unless otherwise directed by the Arbiter or agreed by the Parties to a given dispute, the Parties involved in the dispute shall strive to make joint submissions to the Arbiter. The Arbiter shall determine the schedule for the Parties' submissions, the page and form limitations for the submissions, and the schedule and form of any hearing(s).

16. Event of Default; Remedies.

16.1 General. Except as otherwise provided in Article 15, if a Party breaches any of its obligations under this DDA, the Party to whom the obligation was owed (the "**Notifying Party**") may notify the breaching Party of such breach. The notice shall state with reasonable specificity the nature of the alleged breach, the provisions under which the breach is claimed to arise and the manner in which the failure of performance may be satisfactorily cured. Failure to cure such breach within the time period specified in Section 16.2 shall be an "**Event of Default**" by the breaching party; provided, an Event of Default by Developer or an Affiliate of Developer shall be, at the Authority's option, an Event of Default by Developer and all of Developer's Affiliates; but provided further, that notwithstanding Section 21.10 (Liability for Default) (A) no Event of Default by Developer or an Affiliate of Developer with respect to the Infrastructure and Stormwater Management Controls, Required Improvements and other horizontal obligations of Developer under this DDA (i.e., all obligations other than Developer or an Affiliate of Developer acting in its capacity as a Vertical Developer, if applicable) shall be deemed to be an Event of Default by Developer or an Affiliate of Developer in its capacity as a Vertical Developer with respect to Developable Lots, and (B) no Event of Default by a Vertical Developer (including Developer and Affiliates of Developer when acting as a Vertical Developer) shall be deemed to be an Event of Default by Developer or an Affiliate of Developer with respect to its Infrastructure and Stormwater Management Controls obligations under this DDA unless such Event of Default relates to a Vertical Developer's failure to complete Transferable Infrastructure obligations that were transferred to the Vertical Developer in accordance with Section 7.2 and Developer fails to cure such Event of Default.

16.1.1 Upon delivery of a notice of breach, the Notifying Party and the breaching Party shall promptly meet to discuss the breach and the manner in which the breaching Party can cure the same. If before the end of the applicable cure period the breach has been cured to the reasonable satisfaction of the Notifying Party, the Notifying Party shall issue a written acknowledgement of the other Party's cure of the matter which was the subject of the notice of breach.

16.1.2 If the alleged breach has not been cured or waived within the time permitted for cure, the Notifying Party may (i) extend the applicable cure period or (ii) institute such proceedings and/or take such action as is permitted in this DDA with reference to such breach.

16.2 Particular Breaches by the Parties.

16.2.1 Event of Default by Developer . The Parties agree that each of the following shall be deemed to be an Event of Default by Developer under this DDA:

(a) Developer knowingly causes or allows to occur, as to itself, a Significant Change or a Transfer not permitted under this DDA, or inadvertently causes or allows to occur such a Significant Change or Transfer and in any case the Significant Change or Transfer is not reversed or voided within thirty (30) days following receipt of notice from the Authority by Developer;

(b) following a Sub-Phase Approval, Developer fails to Commence or Complete the Infrastructure and Stormwater Management Controls in the Sub-Phase by the applicable Outside Dates for Commencement and Completion, or abandons its work on such Infrastructure and Stormwater Management Controls without the Approval of the Authority Director for more than sixty (60) consecutive days, or a total of one hundred and twenty (120) days, and such failure or abandonment continues for a period of forty-five (45) days following Developer's receipt of notice from the Authority;

(c) Developer defaults under the provisions of any Exhibit and fails to cure the same within the time provided in such Exhibit or, if not so provided, within thirty (30) days following receipt of notice from the Authority, or if such default is not susceptible of cure within thirty (30) days, if Developer fails to promptly commence such cure within thirty (30) days after its receipt of such notice and thereafter diligently prosecute the same to completion within a reasonable time;

(d) Developer fails to pay any amount required to be paid to the Authority under this DDA (including all Exhibits), and such failure continues for a period of thirty (30) days following receipt of notice of such non-payment from the Authority to Developer;

(e) Developer fails to submit any Substantially Complete Major Phase Application or Sub-Phase Application by the applicable date set forth in the Schedule of Performance, and such failure continues for a period of thirty (30) days following receipt of notice from the Authority to Developer;

(f) Developer fails to provide Adequate Security, including the Base Security, as required under this DDA, or once it has provided Adequate Security fails to maintain the same as required under this DDA (including, but not limited to, the failure of a Guarantor to meet the Minimum Net Worth Requirement or the occurrence of a Significant Change to Guarantor under any Guaranty), and such failure continues for forty-five (45) days following receipt of notice from the Authority to Developer (provided, that Developer shall immediately, upon receiving notice from the Authority Director to such effect, suspend all

activities (other than those needed to preserve the condition of improvements or as necessary for health or safety reasons) on affected portions of the Project Site during any period during which Adequate Security is not maintained as required by this DDA);

(g) the obligor of any Adequate Security, including the Base Security, commits a default under the applicable security instrument or revokes or refuses to perform as required under the Adequate Security, and Developer does not replace the Adequate Security within forty-five (45) days following Developer's receipt of notice from the Authority; provided, that (i) Developer shall immediately, upon receiving notice from the Authority Director to such effect, suspend all activities (other than those needed to preserve the condition of improvements or as necessary for health or safety reasons) on affected portions of the Project Site during any period during which the Adequate Security is not maintained as required by this DDA, (ii) any cure period for a default under the Adequate Security shall run concurrently with the above forty-five (45) day period, (iii) such default may be cured by the obligor to the extent provided under the terms of the Adequate Security; and (iv) upon receipt by the Authority of any replacement Adequate Security, the Authority shall return the original Adequate Security;

(h) Developer fails to perform its obligations relating to the Housing Plan and such failure continues for sixty (60) days following Developer's receipt of notice from the Authority, or if such failure is not susceptible to cure within sixty (60) days, if Developer fails to promptly commence such cure within sixty (60) days after its receipt of such notice and thereafter diligently prosecutes the same to completion within a reasonable time;

(i) Developer fails to convey to the Authority or to another Governmental Entity any of the Public Property as and when required under this DDA, and such failure continues for thirty (30) days following Developer's receipt of notice from the Authority;

(j) Developer fails to Commence or Complete the Required Improvements by the Outside Dates for Commencement and Completion set forth in the Schedule of Performance, or abandons its work on such Required Improvements without the Approval of the Authority Director for more than sixty (60) consecutive days, or a total of one hundred and twenty (120) days, and such failure or abandonment continues for a period of forty-five (45) days following Developer's receipt of notice from the Authority; or

(k) Developer fails to perform any other agreement or obligation to be performed by Developer under this DDA, and such failure continues past any cure period specified in this DDA, or if no such cure period is specified, then within sixty (60) days after receipt by Developer of notice from the Authority (and, for a failure that is not susceptible of cure within sixty (60) days, if Developer fails to promptly commence such cure within thirty (30) days after its receipt of such notice and thereafter diligently prosecute the same to completion within a reasonable time).

16.2.2 Event of Default by the Authority. The Parties agree that each of the following shall be deemed an Event of Default by the Authority under this DDA:

(a) the Authority fails to convey real property to Developer as and when required by this DDA, and such failure continues for a period of thirty (30) days

following the Authority's receipt of notice from Developer (and, for a failure that is not susceptible of cure within thirty (30) days, if the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecute the same to completion);

(b) the Authority fails to perform its obligations under the Financing Plan or any Acquisition and Reimbursement Agreement, including but not limited to a failure to make payments owing to Developer from the Funding Sources in accordance with the terms of the Financing Plan or any Acquisition and Reimbursement Agreement, and such failure continues for a period of thirty (30) days following the Authority's receipt of notice from Developer (and, for a failure that is not susceptible of cure within thirty (30) days, if the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecutes the same to completion);

(c) the Authority defaults under any agreement attached to this DDA to which it is a party (including the Interagency Cooperation Agreement or any of the Land Acquisition Agreements), and fails to cure such default within thirty (30) days following the receipt of notice from Developer that the time given for cure in such agreement has expired, or if such default is not susceptible of cure within thirty (30) days, the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecutes the same to completion; or

(d) the Authority fails to perform any other agreement or obligation to be performed by the Authority under this DDA, and such failure continues past any cure period specified in this DDA, or if no such cure period is specified, then within sixty (60) days after receipt by the Authority of notice from Developer, and, for a failure that is not susceptible of cure within sixty (60) days, if the Authority fails to promptly commence such cure within thirty (30) days after its receipt of such notice and thereafter diligently prosecute the same to completion within a reasonable time.

16.2.3 Material Breach. "**Material Breach**" means:

(a) for the Authority, an Event of Default that materially adversely affects Developer's or a Vertical Developer's ability to proceed timely with the Project or any significant portion thereof without substantially increased costs, including an Event of Default by the Authority arising from the failure to make payments from the Funding Sources in accordance with the Financing Plan or any Acquisition and Reimbursement Agreement;

(b) for Developer, an Event of Default under Section 16.2.1(a) [Unpermitted Transfers], or Section 16.2.1(b) [Infrastructure], or Section 16.2.1(j) (Required Improvements);

(c) for the Authority and Developer**,** an Event of Default that culminates in an arbitration or judicial action that results in a final judgment for payment or performance (beyond any applicable appeal period), and the Party against whom the judgment was made fails to make the required payment or perform the required action in accordance with

the judgment within sixty (60) days following the final, unappealable judgment or any longer period as may be specified in the judgment itself; and

(d) for the Developer, the failure to pay any Financial Obligations and Indemnification obligations as and when such payments are due and such failure continues for a period of thirty (30) days following receipt of notice of such non-payment from the Authority to Developer. The Parties acknowledge and agree that the Authority shall not be required to obtain a final judgment for a Material Breach under this Section 16.2.3(d) as a condition to pursuing remedies under 16.3.3(e).

16.3 Remedies.

16.3.1 Specific Performance. Upon an Event of Default, the aggrieved Party may institute proceedings to compel injunctive relief or specific performance to the extent permitted by law (except as otherwise limited by or provided in this DDA) by the Party in breach of its obligations, including without limitation, seeking an order to compel payment of amounts due under this DDA (including under the Financing Plan, the Housing Plan, the Community Facilities Obligations, the Transportation Plan Obligations, the Parks and Open Space Plan, the Infrastructure Plan, the Schedule of Performance and Article 19). Nothing in this Section 16.3.1 shall require a Party to postpone instituting any injunctive proceeding if it believes in good faith that such postponement will cause irreparable harm to such Party.

16.3.2 Limited Damages. The Parties have determined that except as set forth in this Section 16.3.2, (i) monetary damages are generally inappropriate, (ii) it would be extremely difficult and impractical to fix or determine the actual damages suffered by any Party as a result of a breach hereunder and (iii) equitable remedies and remedies at law not including damages are particularly appropriate remedies for enforcement of this DDA. Except as otherwise expressly provided below to the contrary (and then only to the extent of actual damages and not consequential, punitive or special damages, each of which is hereby waived by the Parties), no Party would have entered into or become a Party to this DDA if it were to be liable in damages under this DDA. Consequently, the Parties agree that no Party shall be liable in damages to any other Party by reason of the provisions of this DDA, and each covenants not to sue the other for or claim any damages under this DDA and expressly waives its right to recover damages under this DDA, except as follows: actual damages only shall be available as to breaches that arise out of (a) the failure to pay sums as and when due (1) under this DDA (including under the Financing Plan, the Housing Plan, the Transition Housing Rules and Regulations, Community Facilities Obligations, the Transportation Plan Obligations, the Parks and Open Space Plan, the Infrastructure Plan, the Schedule of Performance and Article 19), but subject to any express conditions for such payment set forth in this DDA or (2) under any Acquisition and Reimbursement Agreement, but subject to any express conditions for such payment as set forth therein, (b) the failure to make payment due under any indemnity in this DDA, (c) the requirement to pay attorneys' fees and costs as set forth in Section 28.5, or when required by a arbitrator or a court with jurisdiction, and (d) to the extent damages are expressly permitted under any agreement among or between any of the Parties other than this DDA, including but not limited to any Permit to Enter. For purposes of the foregoing, "actual damages" shall mean the actual amount of the sum due and owing under this DDA, with interest

as provided by law, together with such judgment collection activities as may be ordered by the judgment, and no additional sums.

16.3.3 Certain Exclusive Remedies. The exclusive remedy:

(a) for the failure to submit any Substantially Complete Major Phase Application or any Substantially Complete Sub-Phase Application, or to obtain any Major Phase Approval or Sub-Phase Approval, shall be the remedies of the Authority set forth in Sections 3.8.1, 3.8.2 and 3.8.3;

(b) for the failure to Commence Infrastructure and Stormwater Management Controls or to provide Adequate Security upon such Commencement, shall be the remedy of the Authority set forth in Section 16.4 or Section 16.5;

(c) for the failure to Complete Infrastructure and Stormwater Management Controls that has been Commenced, shall be (1) first, an action on the Adequate Security for that Infrastructure and those Stormwater Management Controls to the extent still available, and (2) thereafter, if the Authority is unable to recover upon such Adequate Security within a reasonable time (including by causing the obligor of any Adequate Security to Commence and Substantially Complete such Infrastructure and Stormwater Management Controls), the remedies in Sections 16.4 and 16.5 (and the Authority shall return any unused portion of the Adequate Security relating to such Infrastructure and Stormwater Management Controls following the Authority's exercise of its remedies under Sections 16.4 and 16.5);

(d) for the failure to pay money (other than the Financial Obligations, which failure shall be subject to Section 16.3.3(e)), shall be a judgment (in arbitration or a competent court) to pay such money (with interest as provided by law), together with such costs of collection as are awarded by the judge or arbitrator, subject to Section 16.2.3(c); and

(e) for the failure to pay Financial Obligations, the Developer must make payments under protest while the Parties are pursuing mediation, arbitration or judicial resolution of the dispute. If Developer fails to pay any such amounts under protest as required under this Section 16.3.3(e), the Authority shall have the remedies in Sections 16.4 and 16.5, in addition to any remedies provided under the Financing Plan for such Material Breach.

16.4 Termination. Upon the occurrence of a Material Breach by Developer or an Affiliate of Developer, the Authority may, subject to the last sentence of Section 16.1, terminate this DDA in whole or in part as to Developer and/or one or more Affiliates of Developer upon an Authority Board determination to terminate following a public meeting. Upon the occurrence of a Material Breach by the Authority, Developer, or an Affiliate of Developer, as the case may be, may terminate this DDA as to the terminating Party only. The Party alleging a Material Breach shall provide a Notice of Termination to the breaching Party, which Notice of Termination shall state the Material Breach, the portions of the real property covered by this DDA (or the Major Phases and Sub-Phases) to be terminated, and the effective date of the termination (which shall, in no event, be sooner than ninety (90) days from the date of delivery of the Notice of Termination); provided, that the Authority Director may give this

Notice of Termination before the date of the Authority Board action on the proposed termination so that the Authority termination notice period may run simultaneously with the public notice period for the Authority Board action. If such termination occurs, neither the breaching Party nor the Notifying Party shall have any further rights against or liabilities to the other under this DDA as to the terminated portions of this DDA except as set forth in Section 28.29. By way of illustration of the foregoing sentence, if on the date of termination by the Authority Developer is constructing Infrastructure and Stormwater Management Controls in a Sub-Phase and the Material Breach is not related to that Sub-Phase, then Developer shall have the right to Complete such Infrastructure and Stormwater Management Controls and to hold and sell the Lots in the Sub-Phase to which such Infrastructure and Stormwater Management Controls relates in accordance with the terms of this DDA.

16.5 Authority's Exercise of Reversion Right upon Failure to Substantially Complete Infrastructure; Release of Rights of Reverter.

16.5.1 A condition precedent to the Authority's obligation to close Escrow for the conveyance of fee title to or a ground leasehold interest in real property from the Authority to Developer after Sub-Phase Approval shall be Developer's execution and delivery to the Title Company of a recordable quitclaim deed in the form attached hereto as Exhibit R (with only such changes as may be Approved by Developer and the Authority Director, the "**Reversionary Quitclaim Deed**") conveying fee title to or the ground leasehold interest in, the applicable property from Developer to the Authority. The Reversionary Quitclaim Deed shall be delivered with irrevocable instructions from Developer to the Title Company, in a form Approved by the Authority, directing the Title Company to comply with the Authority's direction to record the Reversionary Quitclaim Deed upon receipt of the Reversionary Recordation Notice and releasing and indemnifying the Title Company from any and all liability resulting from the Title Company's compliance with such instructions. Notwithstanding the foregoing, if prior to close of Escrow for a Sub-Phase, Developer increases the amount of Adequate Security for the applicable Sub-Phase to meet the requirements of Section 16.5.4 hereof, then Developer shall have no obligation to deliver a Reversionary Quitclaim Deed for the applicable Sub-Phase and such delivery shall not be a condition precedent to Authority's obligation to convey fee title to or the ground leasehold interest in, the applicable property.

(a) The Authority's right to exercise the right of reverter remedy contained in this Section 16.5 (the "**Right of Reverter**") shall be as follows:

(i) shall be limited to an Event of Default under Sections 16.2.1(b), 16.2.1(j) and 16.2.3(d) (a "**Reversionary Default**");

(ii) shall not become operative until the Authority has delivered notice (the "**Reversionary Cure Notice**" which may be coupled with a Notice of Termination) to Developer and all affected Mortgagees, as the case may be, or their successors for whom the Authority has been provided an address, detailing the facts and circumstances of the Reversionary Default and providing all such Persons with a concurrent period of ninety (90) days from the delivery of such notice to commence to cure, or cause Developer to cure, the Reversionary Default; provided, that the Authority may not direct the Title Company to record the Reversionary Quitclaim Deed if Developer or such Persons commence the cure within the

ninety (90) day period specified above and continue to diligently prosecute the cure without interruption to Substantial Completion (provided, that the Authority may exercise such right if the Reversionary Default is not cured within one hundred eighty (180) days following the date on which the Reversionary Cure Notice was sent by the Authority);

(iii) shall be subject to the provisions of Article 20, although any cure periods provided in Article 20 shall run concurrently with the ninety (90) day cure period provided above;

(iv) shall be subject to Section 16.5.4 regarding the Developer's right to cause a release of the Right of Reverter; and

(v) with respect to a Reversionary Default under Section 16.2.1(b) or Section 16.2.1(j) shall automatically and without further documentation terminate upon the earliest to occur of:

(A) Substantial Completion of the applicable Infrastructure and Stormwater Management Controls or Required Improvement;

(B) issuance of the applicable Certificate of Completion;

(C) as provided in paragraph (b) below; and

(D) as provided in paragraph (c) below.

(b) With respect to a Reversionary Default under Section 16.2.1(b) or Section 16.2.1(j) , the Authority Director shall have the right, in his or her sole discretion, to release a Reversionary Quitclaim Deed and terminate the Authority's rights under this Section 16.5 upon (i) the Completion of a significant portion of the Infrastructure and Stormwater Management Controls or the Required Improvements, as applicable, within the real property described in the Reversionary Quitclaim Deed, as determined by the Authority Director following receipt of appropriate backup information from Developer, including a certificate from the Engineer or DBI with respect to the Required Improvements confirming the degree of Completion, or (ii) the Authority holding Adequate Security for the Completion of the applicable Infrastructure and Stormwater Management Controls or Required Improvements, in form and content satisfactory to the Authority Director and consistent with the requirements of Section 16.5.4.

(c) Notwithstanding any other provision of this Article 16, following a Reversionary Default, the Authority shall not be entitled to cause the Reversionary Quitclaim Deed to be recorded if (1) the Authority recovers the cost of causing the Infrastructure and Stormwater Management Controls or the Required Improvements to be Completed from the Adequate Security provided by Developer for that purpose or (2) the obligor of any Adequate Security Commences to cure the Reversionary Default within sixty (60) days following demand by the Authority and such Infrastructure and Stormwater Management Controls or Required Improvements, as applicable, is diligently prosecuted and Substantially Completed within a reasonable time thereafter. In the event that the Authority elects not to pursue such Adequate

Security or pursues such Adequate Security but is unable, in the normal course and utilizing good faith efforts, to achieve the results in clause (1) or clause (2) above within a reasonable time, then the Authority may record the Reversionary Quitclaim Deed in accordance with this Section 16.5 and the Authority shall thereafter release and return the unused portion of any Adequate Security upon the expiration of the Reversionary Contest Period (if there has been no challenge or contest to such recordation) or upon or in accordance with a final, unappealable judicial determination (if there has been such a challenge or contest to the Authority's recordation of the Reversionary Quitclaim Deed).

(d) Subject to paragraph (a) above, if the Authority believes that it is entitled to exercise the right to direct the Title Company to record the Reversionary Quitclaim Deed, then, with the Approval of the Authority Board following a public meeting (which meeting may be the same as an Authority Board meeting for declaring a Material Breach and authorizing a Notice of Termination), the Authority may send to the Title Company a notice that Developer has committed a Reversionary Default for the property in question, with a copy to Developer and to any Mortgagee that has requested notice as set forth in Section 20.4, and direct the Title Company to record the appropriate Reversionary Quitclaim Deed and provide a conformed copy of such recorded Reversionary Quitclaim Deed to the Authority, such Mortgagee and Developer (such notice, the "**Reversionary Recordation Notice**").

(e) If the Authority's right to direct the Title Company to record a Reversionary Quitclaim Deed terminates for any reason, then the Authority shall, upon Developer's request, promptly instruct the Title Company to return the Reversionary Quitclaim Deed to Developer.

(f) The Title Company's recordation of the Reversionary Quitclaim Deed shall not affect in any manner the rights of any Mortgagee or Developer to contest the Authority's right to exercise the remedy contained in this Section 16.5. No Mortgagee or Developer shall have any rights against the Title Company for recording the Reversionary Quitclaim Deed following receipt of the Reversionary Recordation Notice. However, Developer or any affected Mortgagee must bring any action contesting the Authority's right to exercise the remedy contained in this Section 16.5 (f) in any judicial proceeding concerning such recordation initiated by the Authority prior to the recordation, if Developer and the affected Mortgagee (if it requested notice under Section 20.4) receive notice of such action as set forth in Section 20.4 (i.e., any Mortgagee that fails to request notice under Section 20.4 cannot complain about its failure to receive notice, and shall be treated as if it had received notice for purposes of this Section 16.5), or (ii) if no such action is initiated by the Authority, then within sixty (60) days following recordation of the Reversionary Quitclaim Deed (in either case, the "**Reversionary Contest Period**"); otherwise, Developer and the affected Mortgagees shall be precluded from challenging the Authority's action. In the event that the Authority's recordation of the Reversionary Quitclaim Deed is denied through legal proceedings initiated by Developer or any Mortgagee, (1) the Authority shall promptly take corrective action to abrogate the effect of the Reversionary Quitclaim Deed, (2) the Schedule of Performance shall be equitably adjusted, (3) Developer or the Mortgagee shall thereafter prosecute to Completion the applicable Infrastructure and Stormwater Management Controls or Required Improvements in accordance with the terms of this DDA and the Vertical DDA/LDDA applicable to the Infrastructure and Stormwater Management Controls and Required Improvements, and (4) the

Authority's right to cause the recordation of the Reversionary Quitclaim Deed shall terminate upon Substantial Completion of the Infrastructure and Stormwater Management Controls or the Required Improvements, as applicable, as set forth in paragraph (a) above, provided that such termination shall not diminish the Authority's right to exercise any and all other remedies available to the Authority hereunder, including, without limitation, looking to the Adequate Security, if Developer fails to Complete the applicable Infrastructure and Stormwater Management Controls or Required Improvements.

16.5.2 Payment of Special Taxes Following Recordation of Reversionary Quitclaim Deed. Following the recordation of any Reversionary Quitclaim Deed, the property covered thereby shall remain a Taxable Parcel, notwithstanding the Authority's ownership of such property, and the Authority shall pay any ad valorem taxes, Project Special Taxes, or other taxes or fees used to secure or pledged for payment of debt service with respect to any Public Financing as and when such taxes are due for such property or would have been due but for the Authority's recordation of the Reversionary Quitclaim Deed.

16.5.3 Resale of Property Following Recordation of Reversionary Quitclaim Deed. Following recordation of a Reversionary Quitclaim Deed and either (i) the expiration of the Reversionary Contest Period without Developer or any affected Mortgagee having contested the Authority's right to record the Reversionary Quitclaim Deed or (ii) if such contest is filed, the entry of a final, non-appealable judgment upholding such recordation or the expiration of any relevant appeal periods without an appeal having been filed, the Authority shall diligently market and sell the property acquired pursuant to the Reversionary Quitclaim Deed to any Qualified Buyer for not less than the fair market value of such property, as determined by the Authority Director after due inquiry. The proceeds of any such sale shall be distributed in the following order of priority: (1) to the Authority to the extent of its actual costs and expenses incurred in connection with the Reversionary Default and marketing of the property; (2) to pay any Project Special Taxes and other taxes or fees due and owing with respect to such property, up to the date of sale; (3) to repay the amounts due under each Mortgage applicable to such property in the priority of their liens on such property before the recordation of the Reversionary Quitclaim Deed; (4) to the Authority to the extent of any unpaid Authority Costs; (5) to Developer in accordance with the formula set forth in Section 6.3 of the Financing Plan, if applicable; and (6) the remainder, if any, to the Authority for use within the Project Site. This Section 16.5.3 shall survive the termination of this DDA until all proceeds of sale have been distributed in accordance herewith.

16.5.4 Release of Right of Reverter. At any time prior to the occurrence of a Reversionary Default, Developer shall have the right to cause the Authority to release the Right of Reverter as to any Sub-Phase by increasing the Secured Amount of the Adequate Security as follows: (i) if securing an obligation to pay money, one hundred twenty-five percent (125%) of the amount of such secured payment, and (ii) if securing an obligation to construct, one hundred twenty-five percent (125%) of the estimated cost of Completion of such construction as such cost is Approved by the Authority Director and Developer with reference to the applicable construction contracts entered into by Developer providing additional Adequate Security for the Sub-Phase (the "**Increased Adequate Security**"). Developer shall be relieved of its obligation to provide the Reversionary Quitclaim Deed for a particular Sub-Phase if Developer provides the Increased Adequate Security prior to close of Escrow for that Sub-Phase.

Developer shall also have the right to cause the Authority to release the Right of Reverter as to any Sub-Phase upon a showing that the amount of Adequate Security held by Authority for that Sub-Phase equals at least one hundred twenty-five percent (125%) of the remaining construction costs and monetary obligations within the Sub-Phase. For example, if the Secured Amount for Developer's obligations within a Sub-Phase were $12,500,000 and Authority held Adequate Security for $12,500,000, then Developer shall have the right to cause the Authority to release the Right of Reverter as to that Sub-Phase upon Substantial Completion and payment of $2,500,000 of the obligations secured by the Adequate Security, so long as the Adequate Security of $12,500,000 remained in place. If Developer elects to cause the Right of Reverter to be released in accordance with this Section 16.5.4, Developer shall deliver to the Authority the increased Adequate Security for the Sub-Phase or evidence reasonably satisfactory to Authority that the Adequate Security held by Authority equals at least one hundred twenty-five percent (125%) of the remaining cost of the secured obligations. Upon such delivery, the Authority shall send to the Title Company, with a copy to the Developer, a notice that Developer has complied with the provisions of this Section 16.5.4, together with an executed and recordable Release of Rights of Reverter (the "**Reverter Release**") releasing the Authority's Right of Reverter as to the Sub-Phase for which the Increased Adequate Security has been provided. The notice shall direct the Title Company to record the appropriate Reverter Release and provide a conformed copy of such recorded Reverter Release to the Authority, any Mortgagee requested by Developer, and Developer (such notice, the "**Reverter Release Recordation Notice**").

16.6 Independence of Major Phases, Sub-Phases and Vertical Improvements. Subject to the Authority's termination rights as set forth in Sections 3.8.1, 3.8.2, 3.8.3, 16.3.3 and 16.4, the Parties expressly recognize and agree that (i) an Event of Default as to one Sub-Phase shall not by itself be the basis for an Event of Default for other Sub-Phases for which Developer or an Affiliate of Developer has obtained a Sub-Phase Approval and (ii) an Event of Default for a Vertical Developer shall not be an Event of Default for Developer, an Affiliate of Developer or other Vertical Developers. Notwithstanding the foregoing, an Event of Default pertaining to the failure to Commence or to Complete Infrastructure and Stormwater Management Controls or Required Improvements in a Major Phase or Sub-Phase will be deemed an Event of Default for all future Major Phases for which there has not been a Major Phase Approval and all Sub-Phases for which there has not been a Sub-Phase Approval, provided, that this sentence shall not apply to a Major Phase that has been Transferred to a Third Party pursuant to an Assignment and Assumption Agreement that was Approved by the Authority Director. Nothing in this Article 16 shall be deemed to supersede or preclude the rights and remedies of the City or the Authority to require compliance with any Approval, Authorization, or other entitlement granted for the development or use of the Major Phase, Sub-Phase or Vertical Improvement, which rights and remedies shall be in addition to the rights and remedies under this Article 16.

16.7 Reserved.

16.8 Rights and Remedies Cumulative. Except as expressly limited by this DDA (such as in Sections 16.3.2 and 16.3.3), the rights and remedies of the Parties contained in this DDA shall be cumulative, and the exercise by any Party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other remedies contained in this DDA for the same breach by the applicable Party. In addition, the remedies provided in this DDA do not limit the remedies provided in other agreements and

documents. Otherwise, except as provided in this Section 16.8, neither Party shall have any remedies for a breach of this DDA by the other Party except to the extent such remedy is expressly provided for in this DDA.

16.9 No Implied Waiver. No waiver made by a Party for the performance or manner or time of performance (including an extension of time for performance) of any obligations of the other Party or any condition to its obligations under this DDA shall be considered a waiver of the rights of the Party making the waiver for a particular obligation of the other Party or condition to its own obligation beyond those expressly waived in writing.

17. Transfer and Development of Lots.

17.1 In General. Developer will Transfer Lots to Vertical Developers (including Affiliates of Developer, when acting as a Vertical Developer) who will construct Vertical Improvements on such Lots in accordance with the terms of the Vertical DDA or LDDA. Developer will be entitled to Transfer Lots to Vertical Developers prior to issuance of a Certificate of Completion for the Infrastructure and Stormwater Management Controls, so long as Developer retains ultimate responsibility for Completion of the Infrastructure and Stormwater Management Controls in accordance with the Schedule of Performance and Authority holds Adequate Security therefore. The Parties acknowledge that except as otherwise provided for certain Commercial Lots described in Section 17.2 hereof, and Required Improvements, there shall be no Outside Date for the Transfer or Vertical Development of Market Rate Lots and Commercial Lots.

17.2 Commercial Lots. Certain Lots designated for commercial use or development in the Land Use Plan (collectively, the "**Commercial Lots**") will be divided into two groups. The first group (the "**Critical Commercial Lots**"), consists of Blocks M-1A and M-1B and Buildings 1, 2 and 3 identified on the Land Use Plan. The second group **(**the "**Non-Critical Commercial Lots**") consists of Blocks C2-H, Y1-H and the Senior Officers Quarters Historic District ("**SOQHD**") identified on the Land Use Plan, and any of the Critical Commercial Lots that Developer elects not to develop under Section 17.2.1.

17.2.1 Developer Rights and Timing for Development of Critical Commercial Lots. Developer by itself or in joint ventures with other development partners ("**Developer Commercial JVs**"**)** shall have the right, but not the obligation, to develop the Critical Commercial Lots, subject to the timing set forth in this Section 17.2.1; provided, Developer shall have the obligation to develop the Required Improvements in accordance with the Schedule of Performance. Except as may otherwise be provided under the Schedule of Performance for Required Improvements, there shall be no Outside Date for development or Transfer of Blocks M-1A and M-1B; provided, however, that if Developer elects not to develop Block M-1A or M-1B, then it shall Auction the Lot in accordance with Section 17.2.6 and enter into a Vertical DDA with the successful bidder. For Buildings 1, 2 or 3, except as may otherwise be provided under the Schedule of Performance for Required Improvements and the Community Facilities Obligations, Developer shall have entered into an LDDA and Ground Lease with Authority for uses consistent with the Development Requirements including this DDA within ten (10) years for Buildings 1 and 2, and fifteen (15) years for Building 3, after the Major Phase Approval is granted for the Major Phase in which the Critical Commercial Lot is located, or if it

has elected not to develop the applicable Lot, shall have Auctioned the LDDA and Ground Lease opportunity within the same time periods in accordance with Section 17.2.6. Failure to meet the timeframes established in this Section 17.2.1 (excluding timeframes set forth in the Schedule of Performance for Required Improvements or Community Facilities Obligations) shall not be a default under this DDA, but Authority shall thereafter have the right to develop or market and ground lease the applicable Critical Commercial Lot to third parties for development, subject to the restrictions on use set forth in Section 21.12, and Developer shall no longer have any rights to such applicable Critical Commercial Lots under this Agreement.

17.2.2 Development and Timing of Non-Critical Commercial Lots. Developer shall Auction the vertical development and ground lease rights to Block C2-H in accordance with Section 17.2.6 at such time as is deemed appropriate by Developer, in its sole discretion. Developer shall Auction the vertical development and ground lease rights to Block Y1-H and the SOQHD in accordance with Section 17.2.6 no later than five (5) years after the Outside Date in the Schedule of Performance for Completion of Infrastructure and Stormwater Management Controls related to the applicable Lot (or at such earlier time as is provided in the following sentence with respect to the SOQHD, or at such earlier or later time as is mutually agreed-upon by the Parties, each in their sole discretion). If Developer has not offered Block Y1-H or the SOQHD for Auction within the time required hereunder, or with respect to the SOQHD, prior to such date the Authority identifies an economically viable user that will renovate all or a portion of the SOQHD in accordance with the Secretary of Interior Standards, then Authority shall thereafter have the right to develop or market and ground lease the applicable Non-Critical Commercial Lot to third parties for development, subject to the restrictions on use set forth in Section 21.12, and Developer shall no longer have any rights to such applicable Critical Commercial Lot under this Agreement.

17.2.3 Transfer of Non-Critical Commercial Lots. Developer shall Transfer by Auction in accordance with Section 17.2.6 any Non-Critical Commercial Lot through a Vertical DDA, or with respect to a Non-Critical Commercial Lot on Public Trust property, a Vertical LDDA. The Authority shall enter into a Vertical DDA or LDDA with the Developer, provided the Authority has not exercised it right to develop or market and ground lease such Lot in accordance with Section 17.2.1 or Section 17.2.2 above, and the successful bidder for the applicable Non-Critical Commercial Lot, which Vertical DDA or Vertical LDDA shall include such additional terms and conditions, including a scope of development, that reflect the uses and financial offer negotiated with the successful bidder, which terms shall be Approved by Authority and Developer. The applicable Non-Critical Commercial Lots on Public Trust property shall be ground leased directly by the Authority to the Vertical Developers.

17.2.4 Revenues from Critical Commercial Lots. If Developer by itself or through a Developer Commercial JV develops the Critical Commercial Lots, the sales price or capitalized ground lease rent (as the case may be) for the Critical Commercial Lots purchased by or ground leased to Developer or the Developer Commercial JVs (the "**Critical Commercial Lots Payment**") shall be derived from the Proforma (including the financial model of any Vertical Development that requires subsidy) prepared by Developer and Approved by the Authority in connection with the Approval of the Sub-Phase Application that contains the applicable Critical Commercial Lot, showing reasonable detail of projected revenues, expenses, subsidies and/or target returns associated with the Critical Commercial Lots, acknowledging that

to the extent that the Critical Commercial Lots require subsidy for development as reasonably determined by Developer, which determination must be supported by the independent appraiser letter report described below, the Critical Commercial Lots Payment may be zero dollars ($0.00). Developer will provide this information derived from the Proforma to an independent appraiser having at least ten (10) years experience in the San Francisco retail leasing market mutually agreed upon by Developer and the Authority, and shall provide to the Navy and the Authority a letter report confirming the appropriateness of Developer's assumptions related to the Critical Commercial Lots. No potential or actual investor or lender shall be prohibited by an exclusivity agreement between the Developer and other investors or lenders from participating in any financing of any Commercial Lot or any other commercial product type developed by parties other than Developer.

17.2.5 Transfer by Developer of Developed Critical Commercial Lots. Developer or a Developer Commercial JV may, in its sole discretion, subsequently convey any of the developed Critical Commercial Lots (the "**Developed Critical Commercial Lots**") to a third party; provided, however, that any and all revenues received by Developer or a Developer Commercial JV arising from or associated with the conveyance of the Developed Commercial Lots shall be included in Gross Revenues. Transfer of the Developed Critical Commercial Lots shall be by sale, or by sub-Ground Lease or assignment of Ground Lease in accordance with the terms thereof, provided, however, with respect to the first transfer of a Ground Lease by Developer or a Developer Commercial JV, the transferee shall be required to pay a transfer price based upon the fair market value for the right to occupy the applicable Developed Critical Commercial Lot on the terms and conditions of the Ground Lease, including the ground rent under the Ground Lease of zero dollars ($0.00), if applicable. If Developer elects to transfer a Developed Critical Commercial Lot to a Developer Commercial JV, the transfer price shall be determined in accordance with the Appraisal Process described in Section 17.4 hereof. If Developer or a Developer Commercial JV elects to transfer a Developed Critical Commercial Lot to a non-Affiliated third-party entity (such parcel, a "**Non-Developer Critical Commercial Lot**"), the transfer price shall be determined by Auction pursuant to the Auction process applicable to Commercial Lots, as set forth in Section 17.2.6 below.

17.2.6 Auction Process for Commercial Lots. The Auction for any Non-Critical Commercial Lot to the extent required hereunder shall require a mutually agreed upon minimum bid price based on the Proforma prepared by the Developer and Approved by the Authority in connection with the Approval of the Sub-Phase Application that contains the applicable Non-Critical Commercial Lot. The minimum bid price shall be set and confirmed by an independent appraiser letter according to the process described in Section 17.2.4 no sooner than three (3) months prior to the commencement of the Auction period. The Non-Critical Commercial Lot subject to the Auction will be submitted for offer for a reasonable period of time, as determined by Developer and the Authority, through licensed commercial real estate brokers having at least five (5) years experience in Bay Area commercial real estate selected by Developer. The pool of qualified bidders in the Auction of any Non-Critical Commercial Lots or any Non-Developer Critical Commercial Lots shall be determined by the Authority and Developer prior to the applicable Auction based on the Auction Bidder Selection Guidelines applicable to Commercial Lots (attached hereto as Exhibit T). The pool of qualified bidders in the Auction of any Non-Critical Commercial Lot or any Non-Developer Critical Commercial Lot and the minimum bid price for the Auction of the Non-Developer Critical Commercial Lots shall

be provided to the Navy and the Authority at least ten (10) days prior to the applicable Auction. If no minimum bids from qualified bidders are received for the Non-Critical Commercial Lots at the close of the Auction period, Developer and/or its Affiliates will have the option, to be exercised by written notice within sixty (60) days after the close of the Auction period, to purchase such Non-Critical Commercial Lots based upon an appraisal in accordance with Section 17.4 hereof. If Developer does not timely exercise the option to purchase unsold Non-Critical Commercial Lots, the Authority and Developer shall within one hundred twenty (120) days after the expiration of the Auction period, mutually agree upon a new minimum bid price to be used in a new Auction, which may take the form of adjustment to the Proforma minimum bid price or an appraisal. If the Parties are unable to agree on a new minimum bid price within the allotted time, the matter shall be submitted to the dispute resolution procedure of Section 15.3.2 (Expedited Dispute Resolution Procedure). Within six (6) months after establishment of the new minimum bid price, Developer shall re-bid the Non-Critical Commercial Lot. If no qualified bids are received for the Non-Developer Critical Commercial Lots that are acceptable to Developer, Developer shall reserve the right to withdraw the Non-Developer Critical Commercial Lot from sale and re-bid the Non-Developer Critical Commercial Lot at such future time as Developer's deems appropriate in its reasonable judgment, but in no event later than two (2) years after the prior Auction.

17.3 Sale of Market Rate Lots. Developer has the right to purchase Market Rate Lots for up to sixty percent (60%) of the Market Rate Units (the "**Developer Lots**"), at a purchase price established by the Appraisal Process described in Section 17.4. Market Rate Lots for approximately twenty percent (20%) of the Market Rate Units shall be available for purchase at a purchase price established by the Appraisal Process by joint ventures in which the Developer or its Affiliates have no more than a fifty percent (50%) ownership interest and under which a non-Affiliated joint venture partner exercises management control as the "managing partner" (or member, as the case may be) of the joint venture entity (collectively, the "**JV Lots**"). In order to ensure that the Developer Lots and JV Lots are sold at fair market value, Market Rate Lots for approximately twenty percent (20%) of the Market Rate Units will be offered for sale via Auction (collectively, the "**Residential Auction Lots**") in accordance with Section 17.5. No potential or actual investor or lender shall be prohibited by an exclusivity agreement between the Developer and other investors or lenders from participating in any financing of any Market Rate Lot or any other residential product type developed by parties other than Developer.

17.3.1 Developer Lots. Unless otherwise agreed upon by the Parties in their reasonable discretion, no more than one-third of the Developer Lots (which also equals 20% of the Market Rate Lots) can be sold directly to Developer, and the balance of the Developer Lots may be sold to an entity or entities comprised of some or all of the same partners as Developer, but having a materially different capital structure than Developer, in accordance with the Appraisal Process. Concurrent with the sale of any Developer Lot to an entity or entities comprised of some or all of the same partners as Developer, but having a materially different capital structure than Developer, a duly authorized officer of Developer shall provide the Authority and the Navy with a certified statement that the prospective purchaser has a materially different capital structure than Developer. For purposes hereof, an entity having a "materially different capital structure" means an entity comprised of some or all of the same partners as Developer but one in which there has been a cumulative change of at least 25% in the capital positions of all the partners, and at least one of the partners has changed its capital

position by at least 15%. Before the close of escrow for any Sub-Phase, the Developer will provide to the Authority and the Navy a list of equity investors for that Sub-Phase. During the implementation of any Sub-Phase, Developer will provide to the Authority and the Navy immediately prior to the sale of any parcels to an Affiliate of Developer or the equity investors of that Major Phase, a notice of such Affiliate sale which notice shall describe why the sale is permitted under the terms of this Agreement. Prior to the close of any sale directly to Developer, Developer shall provide to the Authority and the Navy a letter from a real estate broker or licensed real estate professional familiar with the Bay Area market who is not an Affiliate of Developer and has no equity investment in Developer in such Sub-Phase, finding that the acquisition and development of the Market Rate Lot by Developer is appropriate in the context of then-existing market conditions. The basis of such findings could include, but is not limited to, establishing a new product type, initiating or establishing a new product type, initiating or establishing the development of a new phase in the Project, responding to changes in market conditions, or other similar market-based factors. Any disputes arising out of this Section 17.3.1 shall be referred to the arbitration process for Expedited Arbitration Matters set forth in Section 15.3.2 hereof.

17.4 Appraisal Process. The process described in this Section 17.4 (the "**Appraisal Process**") shall apply to the Developer Lots, the JV Lots, those Developed Critical Commercial Lots for which an appraisal is required under Section 17.2.5, and those Non-Critical Commercial Lots for which an appraisal is required under Section 17.2.6. The Authority and Developer shall confer and select an appraiser from the Qualified Appraiser Pool for each such Developed Critical Commercial Lot, Non-Critical Commercial Lot, Developer Lot or JV Lot to be appraised. An appraisal used for the purpose of determining the parcel sale price (or Ground Lease rent, if applicable) shall be updated if a sales contract (or Ground Lease) for such parcel has not been executed within one (1) year from the date of the appraisal.

17.4.1 Qualified Appraiser Pool. Appraisals of any Developed Critical Commercial Lots required to be appraised by Section 17.2.5, Non-Critical Commercial Lots for which an appraisal is required under Section 17.2.6, the Developer Lots and JV Lots shall be conducted by a qualified appraiser, which for purposes of this DDA shall be defined as an appraiser (i) licensed in the State of California as a Certified General Appraiser and holding the MAI designation from the Appraisal Institute, (ii) practicing or working for at least ten (10) years in either a national firm, or regional firm based in California, (iii) who is not an Affiliate of the Developer and has no equity investment in the Developer or the Project investors, (iv) who has particular experience with coastal California real property transactions involving the Product Type that is the subject of the appraisal, and (v) who has no conflict of interest as evidenced by contractual relationships with Developer either existing or in the immediately prior twenty-four (24) months, unless a conflict waiver is obtained from the Authority (and, if required under the Conveyance Agreement, the Navy). The Parties have agreed upon a list of pre-qualified appraisers, which list is attached hereto as Exhibit U (the "**Qualified Appraiser Pool**"). From time to time, either Party may propose in writing to add or subtract additional persons meeting the above qualifications. If the Parties disagree on a proposed addition or subtraction, then the Parties shall follow the dispute resolution procedure for Expedited Arbitration Matters set forth in Section 15.3.2.

17.4.2 Appraisal Instructions. The selected appraiser shall appraise the applicable Developer Lot, JV Lot, Developed Critical Commercial Lot (to the extent subject to appraisal by Section 17.2.5), or Non-Critical Commercial Lot (to the extent subject to appraisal by Section 17.2.6) utilizing appraisal instructions substantially in the form of those attached hereto as Exhibit V, as the Parties hereto may agree to amend from time to time which agreement shall not be unreasonably withheld, conditioned or delayed. If an Excess Land Appreciation Structure is established in a Major Phase by Product Type, such structure will be deemed to apply to all Market Rate Lots of that Product Type in the applicable Major Phase, and the appraisal instructions shall incorporate such terms. If an Excess Land Appreciation Structure established for a Major Phase is later revised in connection with a Sub-Phase Approval in accordance with Section 6.2.3(d) hereof, then such structure will be deemed to apply to all Market Rate Lots in the applicable Sub-Phase and the appraisal instructions shall incorporate such terms. If material changes are proposed to appraisal instructions, including assumptions, special assumptions, limiting conditions, hypothetical conditions, and other special instructions, the requesting Party shall propose such amendment in writing, and, if the Parties disagree, they shall follow the dispute resolution procedure for Expedited Arbitration Matters set forth in Section 15.3.2.

17.4.3 Notification of Appraisal. Developer, on behalf of the Authority, shall provide to the Navy, with a copy to the Authority, documentation of appraiser selection and appraisal instructions prior to the commencement of an appraisal, and shall provide a copy of the complete appraisal promptly following completion of such appraisal.

17.5 Auction Process for Residential Auction Lots. The Authority and Developer prior to the approval of any Major Phase Application, shall jointly determine the pool of qualified bidders for each Auction of a Residential Auction Lot based on the Auction Bidder Selection Guidelines for Residential Auction Lots (attached hereto as Exhibit W) set forth for each Product Type, as agreed upon by the Parties. In the event no qualified third party bids are received at or above the minimum bid price for the Residential Auction Lots (as determined in the Major Phase Decisions described in Section 6.2.3), Developer and/or its Affiliates will have the option by written notice within sixty (60) days after the close of the Auction period to purchase such Residential Auction Lots at the minimum bid price and any Residential Auction Lots so acquired by Developer shall not be deemed to apply against the percentage limits otherwise applicable to the Developer Lots or the JV Lots. If Developer does not timely exercise the option to purchase unsold Residential Auction Lots, then the Authority and Developer shall within one hundred twenty (120) days after the expiration of the Auction period mutually agree upon a new minimum bid price to be used in a new Auction (the "**Re-Setting of the Minimum Bid Price**"). If the Parties are unable to agree on a new minimum bid price within the allotted time, the matter shall be submitted to the dispute resolution procedure for Expedited Arbitration Matters set forth in Section 15.3.2. The Re-Setting of the Minimum Bid Price may take the form of adjustment to the Proforma minimum bid price or an appraisal.

17.5.1 Timing of Residential Auction Lots Selection. The Residential Auction Lots will be selected by mutual agreement by the Authority and the Developer prior to approval of each Major Phase Application, as such selection may be revised in a subsequent approved Sub-Phase Application. The Residential Auction Lots will be offered for sale at such time as reasonably deemed appropriate by Developer in light of then-current market conditions

and such sale shall be subject to Completion of Infrastructure and Stormwater Management Controls serving the applicable Residential Auction Lot.

17.5.2 Residential Auction Lots as Benchmarks. The Residential Auction Lot sales prices, as deemed appropriate by the appraisers, and other relevant market data shall be used as comparables in the appraisal process for the Developer Lots and the JV Lots. The mix of Product Types of the Market Rate Lots subject to Auction shall roughly mirror that of the Market Rate Lots to be allocated and sold in that Major Phase, with a goal of selecting at least one representative parcel for each Market Rate Lot Product Type offered in that Major Phase. For the purposes of this DDA, "**Product Types**" are defined as a residential building with a typical unit count and building typology that allows general assumptions of construction costs. Examples of such Product Types are townhomes; low rise (up to 70' in height); mid rise (above 70' and up to 125' in height); and towers (above 125' in height).

17.5.3 Guidelines for Residential Auction Lots Selection. The distribution and selection of the Residential Auction Lots shall be based on a principle of nondiscrimination. The selected Residential Auction Lots shall be generally representative of the average advantages and disadvantages of the Market Rate Lots to be developed in that Major Phase. Factors to be considered in such selection include, but are not limited to, parcel size, views, proximity to parks, proximity to the transit center, proximity to the Job Corps site, proximity to the Bay Bridge, proximity to the retail core and exposure to wind (collectively, the "**Guidelines for Residential Auction Lot Selection**"), attached hereto as Exhibit X.

17.5.4 Conveyance Agreement Exhibits. Exhibits Q, T, U, V, W and X referenced in this Article 17 are also exhibits to the Conveyance Agreement and, subject to Section 28.38 hereof, will be attached to this DDA in the form attached to the executed version of the Conveyance Agreement.

18. Mitigation Measures.

18.1 Mitigation Measures. Developer and the Authority agree that the construction and subsequent operation of the Infrastructure and Stormwater Management Controls, Vertical Improvements and Required Improvements, if applicable, shall be in accordance with the mitigation measures identified in the Project MMRP (the "**Mitigation Measures**"). Developer shall comply with and perform the Mitigation Measures as and when required by the Project MMRP except for those Mitigation Measures or portions of Mitigation Measures for which the performance obligations are expressly obligations of the Authority, the City or another Governmental Entity. The responsibility to implement applicable Mitigation Measures shall be incorporated by Developer or the Authority, as applicable, into any applicable contract or subcontract for the construction or operation of the Improvements, including the Vertical DDA/LDDAs. The Authority shall comply with and perform the Mitigation Measures or portions of Mitigation Measures that are the obligation of the Authority as and when required, and shall use good faith efforts, consistent with the Interagency Cooperation Agreement, to cause the necessary City Agencies to comply with and perform the Mitigation Measures or portions of Mitigation Measures that are the obligations of the City as and when required.

19. Authority Costs.

19.1 Authority Costs and Revenues.

19.1.1 "**Authority Costs**" means all costs and expenses actually incurred and paid by the Authority in accordance with the Authority's annual budget approved by the Authority Board and the Board of Supervisors (the "**Annual Authority Budget**"), including costs and expenses relating to performing the Authority's obligations under this DDA, other Authority contracts and grants, and the Conversion Act.

19.1.2 "**Authority Revenues**" means all revenues payable to Authority for each applicable year, including projected Interim Lease Revenues, Marina Revenues and any other sources of revenue received by Authority from any sources whatsoever other than Developer or Vertical Developers.

19.1.3 The Parties acknowledge that the Annual Authority Budget shall comply with applicable requirements of the Conversion Act, the Public Trust, the Conveyance Agreement and the City's Charter.

19.2 Annual Budget. Within ninety (90) days after the Effective Date, the Authority and Master Developer shall meet and confer to create a base line budget ("**Base Line Budget**") that includes projected Authority Costs and Authority Revenues. On or before May 1 with respect to Fiscal Year 2012-13 and each subsequent Authority Fiscal Year during the term of this DDA, the Authority and Master Developer shall meet and confer regarding the Authority Costs reasonably expected to be incurred and Authority Revenues reasonably expected to be received during that succeeding Authority Fiscal Year. Prior to such meetings, the Authority shall prepare a preliminary budget (the "**Annual Preliminary Budget**") estimating the anticipated Authority Cost and Authority Revenues. The preliminary budget of Authority Costs shall include (i) the staff positions for all Authority staff, (ii) a general description of the duties of each such staff person relative to the Project, (iii) an identification of each third-party professional expected to be paid by the Authority during such year together with a description of the expected duties of such professional, the method of compensation and the expected total cost of such professional for such year, (iv) a general description of the costs and expenses related to the operation and maintenance of NSTI, including compliance with the terms of the TIHDI Agreement to provide assistance to TIHDI and TIHDI Member Organizations, subject to Section 19.3 below, and (v) a general description of the costs and expenses related to the management and implementation of the Project. The Annual Preliminary Budget shall include a projection of anticipated revenues payable to Authority for the year, including projected Authority Revenues. Based on such meetings and other relevant information available to the Authority, the Authority shall update such Annual Preliminary Budget for Authority Costs for such Authority Fiscal Year, broken down by fiscal quarter and including the information set forth in clauses (i) through (v) above (an "**Annual Authority Draft Budget**") and deliver the same to Master Developer. The Parties acknowledge that the Annual Authority Draft Budget is subject to review and approval by the Authority Board and the Board of Supervisors in their sole and absolute discretion. The Parties further acknowledge and agree that the Annual Authority Budget may need to be modified by the Authority and the Board of Supervisors from time to time during the Authority Fiscal Year.

19.3 Community Service Costs. The Parties acknowledge that the Base Line Budget will include certain line items to provide community services consistent with the amounts and types of Authority's existing practice on NSTI. If Authority proposes in any Authority Fiscal Year to make any material increase to the scope or funding levels of such services, prior to including any such material changes in the Annual Authority Draft Budget, the Authority shall provide Master Developer with a list of all changes, including types and amounts of funding proposed, with a written justification describing the need, the amount, the benefit to the community and an explanation as to why such need is unlikely to be met without the amount of additional funding requested. Authority shall meet and confer with Master Developer to discuss the proposed increase.

19.4 Reporting. Within ninety (90) days following the end of each calendar quarter during the term of this DDA, the Authority Director shall deliver to Developer a summary of Authority Costs and Revenues incurred during such quarter together with a comparison of the Authority Costs and Revenues incurred with those set forth in the relevant Annual Authority Budget (an "**Authority Costs and Revenue Report**"). Each Authority Costs and Revenue Report shall contain a certification by the Authority Director that such Authority Costs and Revenue Report, to his or her knowledge, is complete and complies with the terms of this Article 19. The summary shall be in a reasonably detailed form and shall include (i) a general description of the services performed and Authority Costs incurred, (ii) the fees and costs incurred and paid by the Authority under the Interagency Cooperation Agreement, (iii) the fees and costs of third-party professionals and copies of invoices from such third-party professionals; and (iv) all other costs and expenses of Authority in carrying out its duties. The Authority shall provide such additional information and supporting documentation as Developer may reasonably request regarding Authority Costs incurred. The Authority and Developer shall cooperate with one another to develop a reporting format that satisfies the reasonable informational needs of Developer without divulging any privileged or confidential information of the Authority, the City, or their respective contractors. The Authority Costs and Revenue Report shall be binding on Developer in the absence of error demonstrated by Developer within six (6) months of Developer's receipt of the same.

19.5 Payment of Authority Costs. The Authority may from time to time establish a fee for service mechanism for Authority Costs incurred by it pursuant to this DDA, although such mechanism may not result in higher Authority Costs than if the system outlined in Section 19.2 were observed. Any such fees collected shall be shown in the Authority Costs and Revenue Report for purposes of determining the Authority Costs due and owing from Developer under this DDA.

19.6 Payment for Shortfall in Authority Costs. In each calendar quarter, Authority shall apply all Authority Revenues against all Authority Costs described in each Authority Costs and Revenues Report in accordance with the requirements of applicable laws, including the Conversion Act and the City's Charter. Developer shall reimburse Authority for the amount by which the Authority Costs exceed Authority Revenues and reasonable reserves for that quarter, as shown in the Authority Costs and Revenues Report, no later than sixty (60) days after the receipt of the Authority Costs and Revenue Report from the Authority. The Parties shall meet and confer in good faith to resolve any disputes regarding an Authority Costs and Revenue Report. In addition to the other remedies provided in this DDA, the Authority shall

have the right to terminate or suspend any work for a Party under this DDA upon such Party's failure to pay amounts due and owing hereunder, and continuing until such Party makes payment in full to the Authority. No such failure to pay by a Party shall affect the Authority's obligations to any other Party under this DDA.

19.7 Interim Lease Revenues. The Authority shall collect and distribute Interim Lease Revenues in accordance with the priority set forth in Section 6.1 of the Financing Plan.

19.8 Payment of City Costs and Ramps Payment. Under the Development Agreement and the Interagency Cooperation Agreement, City Agencies must submit quarterly invoices for all City Costs incurred by the City Agency for reimbursement under the Development Agreement, which invoices shall be gathered by Authority. Authority shall gather all such invoices so as to submit one combined City bill to Developer each quarter. As described in the Development Agreement and the Interagency Cooperation Agreement, Developer shall pay City for all City Costs during the Term within thirty (30) days following receipt of a written invoice. Developer shall not be obligated for the payment of any City Cost that is not invoiced to Developer within twelve (12) months from the date the City Cost was incurred. Amounts due for the Ramps Subsidy in accordance with the SFCTA MOA, as amended (as more particularly described in Section 13.3.6 hereof), shall be invoiced within thirty (30) days prior to each due date thereunder, and shall be payable as a City Cost to the SFCTA or the Authority, as directed.

20. Financing; Rights of Mortgagees.

20.1 Right to Mortgage. Developer and any Person to whom any of them Transfers its respective interest in this DDA, as permitted under this DDA (collectively and individually, as the case may be, a "**Mortgagor**") shall have the right, at any time and from time to time during the term of this DDA, to grant a mortgage, deed of trust or other security instrument (each a "**Mortgage**") encumbering all or a portion of such Mortgagor's respective ownership interest in all or a portion of the Project Site, together with such Mortgagor's interest in any Project Accounts relating to such portions of the Project Site (including the right to receive payments from the Funding Sources or other revenue emanating from the Project Site) for the benefit of any Person (together with its successors in interest, a "**Mortgagee**") as security for one or more loans related to the Project Site made by such Mortgagee to the Mortgagor to pay or reimburse costs incurred in connection with obligations under this DDA, subject to the terms and conditions contained in this Article 20. Without limiting the foregoing, no Mortgage shall be granted to secure obligations unrelated to the Project Site or to provide compensation or rights to a Mortgagee in return for matters unrelated to the Project Site. A Mortgagee may Transfer all or any part of or interest in any Mortgage without the consent of or notice to any Party; provided, however, that the Authority shall have no obligations under this DDA to a Mortgagee unless the Authority is notified of such Mortgagee. Furthermore, the Authority's receipt of notice of a Mortgagee following the Authority's delivery of a notice or demand to Developer or to one or more Mortgagees under Section 20.4 shall not result in an extension of any of the time periods in this Article 20, including the cure periods specified in Section 20.5.

20.2 Certain Assurances. The Authority agrees to cooperate reasonably with each Mortgagor or prospective Mortgagor in confirming or verifying the rights and obligations of the Mortgagee.

20.3 Mortgagee Not Obligated to Construct. Notwithstanding any other provision of this DDA, including those that are or are intended to be covenants running with the land, a Mortgagee, including any Person who obtains title to all or any portion of or any interest in the Project Site as a result of foreclosure proceedings, or conveyance or other action in lieu thereof, or other remedial action, including (a) any other Person who obtains title to real property in the Project Site or such portion from or through such Mortgagee or (b) any other purchaser at foreclosure sale, shall in no way be obligated by the provisions of this DDA, to Commence or Complete Infrastructure and Stormwater Management Controls or Required Improvements or to provide any form of Adequate Security for such Commencement or Completion. Nothing in this Section 20.3 or any other Section or provision of this DDA, shall be deemed or construed to permit or authorize any Mortgagee or any other Person to devote all or any portion of the Project Site to any uses, or to construct any improvements, other than uses or Improvements consistent with the Development Requirements.

20.4 Copy of Notice of Default and Notice of Failure to Cure to Mortgagee. Whenever the Authority shall deliver any notice or demand to a Mortgagor for any breach or default by such Mortgagor in its obligations or covenants under this DDA, the Authority shall at the same time forward a copy of such notice or demand to each Mortgagee having a Mortgage on the portion of the Project Site or any interest in the revenues therefrom or related thereto that is the subject of the breach or default who has previously made a written request to the Authority for a copy of any such notices. The Authority's notice shall be sent to the address specified by such Mortgagee in its most recent notice to the Authority. In addition, if such breach or default remains after any cure period permitted under this DDA, as applicable, has expired, the Authority shall deliver a notice of such failure to cure such breach or default to each such Mortgagee at such applicable address. A delay or failure by the Authority to provide such notice required by this Section 20.4 shall extend, for the number of days until notice is given, the time allowed to the Mortgagee for cure.

20.5 Mortgagee's Option to Cure Defaults. Before or after receiving any notice of failure to cure referred to in Section 20.4, each Mortgagee that has received interest in real property shall have the right (but not the obligation), at its option, to commence within the same period as Developer to cure or cause to be cured any Event of Default, plus an additional period of (a) thirty (30) days to cure a monetary Event of Default and (b) sixty (60) days to cure a non-monetary Event of Default that is susceptible of cure by the Mortgagee without obtaining title to the applicable real property. If an Event of Default is not cured within the applicable cure period (or cannot be cured by the Mortgagee without obtaining title to the applicable real property), the Authority nonetheless shall refrain from exercising any of its remedies for the Event of Default and shall permit the cure by Mortgagee of such Event of Default if, within the Mortgagee's applicable cure period: (i) the Mortgagee has a recorded security interest in the applicable real property and notifies the Authority in writing that the Mortgagee intends to proceed with due diligence to foreclose the Mortgage or otherwise obtain title to the subject real property; (ii) the Mortgagee commences foreclosure proceedings within sixty (60) days after giving such notice, and diligently pursues such foreclosure to completion; and (iii) after obtaining title, the

Mortgagee diligently proceeds to cure those Events of Default: (A) that are susceptible of cure by the Mortgagee; and (B) of which the Mortgagee has been given written notice by the Authority under Section 20.4 or thereafter. Notwithstanding the foregoing, no Mortgagee shall be required to cure any Event of Default that is personal to the Mortgagor (by way of example and not limitation, such Mortgagor's bankruptcy, failure to submit required information in the possession of such Mortgagor), and the completion of a foreclosure and acquisition of title to the applicable real property by the Mortgagor shall be deemed to be a cure of such Events of Default. Although no Mortgagee is obligated to do so, any Mortgagee that directly or indirectly obtains title and that properly Completes the Infrastructure and Stormwater Management Controls or Improvements relating to the applicable portion of Project Site in accordance with this DDA shall be entitled, upon written request made to the Authority, to a Certificate of Completion.

20.6 Mortgagee's Obligations with Respect to the Property. Except as set forth in this Article 20, no Mortgagee shall have any obligations or other liabilities under this DDA unless and until it acquires title by any method to all or some portion of or interest in the Project Site (referred to as "**Foreclosed Property**") and expressly assumes Developer's rights and obligations under this DDA in writing. A Mortgagee (or its designee) that acquires title to any Foreclosed Property (a "**Mortgagee Acquisition**") shall take title subject to all of the terms and conditions of this DDA to the extent applicable to the Foreclosed Property, including any claims for payment or performance of obligations that are due as a condition to enjoying the benefits under this DDA from and after the Mortgagee Acquisition. Upon completion of a Mortgagee Acquisition and written assumption of Developer's rights and obligations under this DDA, the Authority shall recognize the Mortgagee as the Developer under this DDA. The Authority shall have no right to enforce any obligation under this DDA personally against any Mortgagee unless such Mortgagee expressly assumes and agrees to be bound by this DDA in a form Approved by the Authority. However, the Authority shall have the right to (i) terminate this DDA with respect to the Foreclosed Property if the Mortgagee does not agree to assume the rights and obligations of Developer relating to the Foreclosed Property in writing within ninety (90) days following a Mortgagee's acquisition of title to the Foreclosed Property, and (ii) exercise its rights under Section 16.5 with respect to Foreclosed Property (regardless of whether there has been a foreclosure) in the event that a Mortgagee does not cure a Reversionary Default within the time permitted for cure herein. If a Mortgagee or any Person who acquires title to real property in the Project Site from a Mortgagee assumes obligations to construct Improvements under this DDA, the Schedule of Performance with respect to the Foreclosed Property shall be extended as needed to permit such construction.

20.7 No Impairment of Mortgage. No default by a Mortgagor under this DDA shall invalidate or defeat the lien of any Mortgagee. Neither a breach of any obligation secured by any Mortgage or other lien against the mortgaged interest nor a foreclosure under any Mortgage shall defeat, diminish, render invalid or unenforceable or otherwise impair Developer's rights or obligations or constitute, by itself, a default under this DDA.

20.8 Multiple Mortgages. If at any time there is more than one Mortgage constituting a lien on a single portion of the Project Site or any interest therein, the lien of the Mortgagee prior in time to all others on that portion of the mortgaged property shall be vested with the rights under this Article 20 to the exclusion of the holder of any other Mortgage;

provided, however, that if the holder of a senior Mortgage fails to exercise the rights set forth in this Article 20, each holder of a junior Mortgage shall succeed to the rights set forth in this Article 20 only if the holders of all Mortgages senior to it have failed to exercise the rights set forth in this Article 20 and holders of junior Mortgages have provided written notice to the Authority under Section 20.4. No failure by the senior Mortgagee to exercise its rights under this Article 20 and no delay in the response of any Mortgagee to any notice by the Authority shall extend any cure period or Developer's or any Mortgagee's rights under this Article 20. For purposes of this Section 20.8, in the absence of an order of a court of competent jurisdiction that is served on the Authority, a title report prepared by a reputable title company licensed to do business in the State and having an office in City, setting forth the order of priorities of the liens of Mortgages on real property may be relied upon by the Authority as conclusive evidence of priority.

20.9 Cured Defaults. Upon the curing of any Event of Default by a Mortgagee within the time provided in Section 20.5, the Authority's right to pursue any remedies for the cured Event of Default shall terminate.

21. Transfers and Assignment.

21.1 Developer's Right to Transfer Major Phases and Sub-Phases. Developer shall have the right to Transfer to a Transferee, in each case upon compliance with the provisions of this Section 21.1: (i) the right to submit Major Phase Applications for one or more Major Phases, excluding the Initial Major Phase; (ii) the right to submit Sub-Phase Applications within any Major Phase(s), excluding the Initial Sub-Phases within the Initial Major Phase; (iii) the right to develop any Major Phases for which a Major Phase Approval has been obtained, excluding the Initial Major Phase; and (iv) the right to develop any Sub-Phase within a Major Phase for which a Sub-Phase Approval has been obtained, excluding the Initial Sub-Phases within the Initial Major Phase. The Authority Board's Approval shall be required for a Transfer pursuant to this Section 21.1. Such Approval will not be unreasonably withheld, delayed or conditioned if the Transferee or Persons Controlling the Transferee:

(a) have experience acting as the developer of projects similar in size and complexity to the development opportunity being Transferred (the "**Experience Requirement**"), as determined by the Authority Board in its reasonable discretion;

(b) satisfy the Net Worth Requirement;

(c) if the Transfer is under clause (i) or clause (ii) above, commit to submit a Major Phase Application and all Sub-Phase Applications for the development opportunity being Transferred, no later than the Outside Date for submission of the Major Phase Application or Sub-Phase Application, as applicable, or (B) ninety (90) days following the Authority's Approval of the proposed Transfer if the Authority's Approval occurs within the ninety (90) day period before the Outside Date for submission of the Major Phase Application or Sub-Phase Application, as applicable;

(d) enter into an Approved Assignment and Assumption Agreement, as set forth in Section 21.6, provided that (i) for a Transfer under clause (ii) or (iv) the Approved

Assignment and Assumption Agreement does not release Developer of its obligations hereunder as to the applicable Sub-Phase, and (ii) as to a Transfer under clause (i) or (iii), the Approved Assignment and Assumption Agreement does not release Master Developer of its obligations under Section 1.5 as Master Developer;

(e) provide Base Security and any Adequate Security as and to the extent required under Article 26, which shall apply to the obligations assumed by the Transferee unless replacement Base Security or Adequate Security is provided by the Transferee and Approved by the Authority Director; and

(f) have not been suspended, disciplined, debarred or prohibited from contracting with the City or the Authority.

Developer and any proposed Transferee shall provide detailed information to the Authority to demonstrate the Transferee's satisfaction of the above requirements, a proposed Assignment and Assumption Agreement, and such additional documents and materials as are reasonably requested by the Authority Director. Upon the Authority Director's receipt of the foregoing, the Authority Director shall submit the proposed Transfer to the Authority Board at the next regularly-scheduled meeting of the Authority Board for which an agenda has not yet been finalized and for which the Authority can prepare and submit a staff report in keeping with Authority standard practices. The Authority Board shall Approve or disapprove a request for Transfer. The consideration, if any, paid by the Transferee to Developer in connection with the proposed Transfer shall be treated as Gross Revenues.

21.2 Developer's Right to Transfer Lots. Subject to satisfaction of the conditions set forth in Section 10.7, Developer (and any Transferee) shall have the right without separate Approval of Authority pursuant to this Article 21 to Transfer Lots to Vertical Developers in accordance with the requirements of this DDA, including Article 17.

21.3 Developer Affiliate Transfers; Reorganizations. Developer shall have the right at any time to Transfer all or a portion of its rights and corresponding obligations under this DDA without the Approval of the Authority (except as set forth in this Section 21.3) if (i) Developer is not then in Material Breach, (ii) the Transferee is Controlled by Developer or by a Person that Controls Developer, or the Transferee is Approved by the Authority Director if the Transferee is an Affiliate of Developer that is not Controlled by Developer or by a Person that Controls Developer, and (iii) the Transferee or Persons Controlling the Transferee satisfy the Experience Requirement. Any such Transfer may be effected by the consolidation or merger of Developer into or with any other business organization whether or not Developer is the surviving entity under applicable law if the foregoing requirements are otherwise met. Any Transferee under this Section 21.3 shall be deemed an Affiliate of Developer, and therefore a Developer Party, under this DDA, and accordingly, (A) Developer's Base Security and any Adequate Security shall apply to the obligations assumed by the Transferee unless replacement Base Security or Adequate Security is provided by the Transferee and Approved by the Authority Director, and (B) the cross-default provisions set forth in Sections 3.8, 16.1 and 16.4 shall apply to Events of Default by Developer and the Transferee. Notwithstanding the foregoing, Developer may request that the cross-default provisions of this DDA not apply as between Developer and the Transferee in connection with any Transfer to an Affiliate under this Section

21.3, provided, that any such request shall be subject to review and Approval by the Authority Board in its sole discretion.

21.4 One Developer Retains Responsibility for All Infrastructure Within Each Major Phase. Before the receipt of a Major Phase Approval, Developer may Transfer all of its rights and obligations as Developer (but not as Master Developer) under this DDA for the entirety of a Major Phase (other than the Initial Major Phase) to a Transferee subject to the Authority Board's Approval as set forth in Section 21.1. Following a Major Phase Approval, Developer (or a Transferee, if applicable) shall have the right to Transfer the obligation for submitting all Sub-Phase Applications (other than the Initial Sub-Phases in the Initial Major Phase) and Completing any or all Infrastructure and Stormwater Management Controls for Sub-Phases within that Major Phase (other than the Initial Sub-Phases in the Initial Major Phase and excluding any Transferable Infrastructure within a Lot that is to be constructed by a Vertical Developer), to a Transferee subject to the Authority Board's Approval as set forth in Section 21.1, provided, however, that Developer and the Transferee of that Major Phase, if applicable shall not be released from the obligations hereunder to submit Sub-Phase Applications and to Complete all Infrastructure and Stormwater Management Controls within that Major Phase, and shall remain ultimately responsible for Completion of all Infrastructure and Stormwater Management Controls within that Major Phase. Developer may enter into construction contracts and similar agreements with third parties as may be needed to assist Developer or the Transferee of that Major Phase, as applicable, in satisfying the foregoing obligations, which contracts or agreements shall not be subject to Approval by the Authority under Section 21.1 or 21.5, provided, however, that no such contract or agreement shall serve to release Developer from its obligations to submit Sub-Phase Applications and to Complete all Infrastructure and Stormwater Management Controls within that Major Phase.

21.5 Authority's Approval of a Transfer. In addition to the Transfers permitted by Sections 21.1 through 21.3, Developer may Transfer some or all of its interest in this DDA with the Approval of the Authority Board, which the Authority Board may give or withhold in its sole discretion. Developer may also Transfer a portion of its interest in this DDA that is less than an entire Major Phase but includes the remainder of an entire Major Phase, together with the corresponding rights and obligations of Developer under this DDA, if the Authority Board Approves the proposed Transferee and the proposed Assignment and Assumption Agreement, which Approval shall not be unreasonably withheld if the Transferee, or Persons Controlling the Transferee, satisfy the Net Worth Requirement and the Experience Requirement, and the Assignment and Assumption Agreement meets the applicable requirements of Section 21.6.

21.6 Assignment and Assumption Agreement; Release.

21.6.1 Any Transfer described in Sections 21.1 and 21.3 through 21.5 (other than a transfer of the obligation to complete Transferable Infrastructure in accordance with Section 7.2) shall be under an Assignment and Assumption Agreement that includes: (a) a legal description of any real property being Transferred; (b) a detailed description of the rights and obligations under this DDA to be assigned to and assumed by Transferee, which must include all of the Indemnifications and releases by Developer in this DDA and in the Developer consent attached to the Interagency Cooperation Agreement and shall expressly recite any obligations of Developer that will not be Transferred (e.g., the Parties understand and agree that upon any such

assignment and assumption, all references to Developer in this DDA, excluding references in Sections 1.5 and 21.13 shall include the Transferee except as expressly noted in the Assignment and Assumption Agreement); (c) the obligations under this DDA that are assumed by the Transferee; (d) the Transferee's obligations under the Housing Plan, and an acknowledgement of the Authority's rights if Inclusionary Milestones under the Housing Plan are not satisfied with respect to the Project as a whole; (e) an agreement and covenant by the Transferee not to challenge the enforceability of any of the provisions or requirements of this DDA, including, if such Lots will contain a Residential Project, an agreement and covenant by the Transferee for the benefit of the Authority and Developer regarding the non-applicability of the Costa-Hawkins Act as set forth in Section 10 of the Housing Plan; (f) if the Infrastructure and Stormwater Management Controls for any adjoining real property is not Completed, an assumption of the risk of non-Completion and a waiver and release for the benefit of the Authority and the City regarding any failure to Complete the Infrastructure and Stormwater Management Controls; and (g) such other matters as are deemed appropriate by Developer and are Approved by the Authority Director. Each such Assignment and Assumption Agreement must be in recordable form and Approved by the Authority Director, although the Authority Director may elect, in his or her sole discretion, not to Approve any Assignment and Assumption Agreement (i) that does not include the items listed above, or (ii) if Developer is then in Material Breach of its obligations under this DDA.

21.6.2 Upon the consummation of any Transfer described in Sections 21.1(i), 21.1(iii), 21.3, or 21.5, including receipt of the Approved Assignment and Assumption Agreement, the Authority shall provide to Developer or other transferor a written release from any obligations under this DDA that are permitted to be released under this DDA and are expressly Transferred to and assumed by the Transferee under the Approved Assignment and Assumption Agreement (subject to the terms of approval by Authority), including in such release any obligations of Developer that accrued before the date of the Transfer to the extent the same are expressly assumed by the Transferee in the Assignment and Assumption Agreement. The release shall be provided within thirty (30) days after the effective date of such Transfer in a form prepared and Approved by the Authority, consistent with this Section 21.6.2. Except as provided in Sections 16.1 and 16.6 and as may otherwise be contained in an Assignment and Assumption Agreement Approved by the Authority Board, nothing in this Section 21.6 shall limit the Authority's right to take action against all Affiliates of Developer upon an Event of Default by an Affiliate of Developer as set forth in this DDA.

21.7 Exceptions. The provisions of this Article 21 shall not be deemed to prohibit or otherwise restrict Developer's (i) grant of easements, leases, subleases, licenses or permits to facilitate the development, operation and use of the Project Site, in whole or in part, (ii) grant or creation of a Mortgage permitted under Article 20, (iii) sale or transfer of all or any portion of the Project Site or any interest in the Project Site pursuant to a foreclosure or the exercise of a power of sale contained in such a Mortgage or any other remedial action in connection with the Mortgage, or a conveyance or transfer in lieu of foreclosure or exercise of such power of sale, or (iv) any Transfer to the Authority, the City, or any other Governmental Entity contemplated by this DDA. In addition, nothing in this Article 21 shall require the Authority to Approve any Transfer (excluding a Transfer of Lots subject to the satisfaction of the conditions set forth in Section 10.7 of this DDA) by Developer if Developer is in Material Breach.

21.8 Notice of Transfer. For any Transfer permitted under this Article 21 (but not including under Section 21.2) without the Approval of the Authority, Developer shall provide the Authority with notice of any Transfer not less than thirty (30) days before the effective date of the Transfer (unless a shorter period is Approved by the Authority Director in his or her sole discretion). Developer shall include with such notice the identity, address, contact person and telephone number of the proposed Transferee, the proposed Assignment and Assumption Agreement, including a clear statement of the assumed obligations of Developer under this DDA and satisfactory evidence that the proposed Transferee possesses the required qualifications. Developer shall also provide any additional information and materials reasonably requested by the Authority Director. This provision shall not create any obligation on or duty of a Mortgagee other than as set forth in Article 20.

21.9 Transfer of DDA Obligations and Interests in Property. Other than with respect to a Mortgagee whose security does not include real property, (i) Developer's rights and obligations under this DDA may be Transferred only in conjunction with the Transfer of the portion of the real property (or the right to acquire such real property on the terms of this DDA) to which the rights and obligations apply and (ii) the Transferee shall succeed to all of Developer's rights (including without limitation the right to Transfer) and obligations under this DDA that relate to the property or development opportunity Transferred. Developer may effectuate a Transfer of real property through a ground lease transaction, subject to the Authority Director's Approval in his or her sole discretion. Nothing herein shall prohibit Developer from Transferring its rights and obligations for a Sub-Phase separately from Developer's rights to Vertical Development within such Sub-Phase, subject to compliance with the terms and conditions hereof.

21.10 Liability for Default/Step-in Meet and Confer.

21.10.1 Liability for Default. No Third Party Transferee shall be liable for the default by Developer or another Transferee in the performance of its respective obligations under this DDA, and Developer shall not be liable for the default by any Third Party Transferee in the performance of its respective obligations; provided, that the foregoing provision shall not (i) be applicable to either a Transferee or Developer to the extent either has assumed such obligation under the terms of the applicable Assignment and Assumption Agreement or retained such obligation in accordance with Section 21.4 of this DDA, or (ii) limit the Authority's right to proceed against Developer and Affiliates of Developer upon an Event of Default by Developer or any Affiliate of Developer. Except as provided in this Section 21.10 and in Sections 3.8 and 16.4, a failure to submit an Application or an Event of Default by Developer or a Transferee shall not entitle the Authority to terminate this DDA, or otherwise affect any rights under this DDA, for any portion of the Project Site that is not owned or Controlled by the Person that is in default.

21.10.2 Step-in Meet and Confer. If a Transferee of a Major Phase commits a Material Breach hereunder that results in the termination of the Major Phase, Developer may notify the Authority that Developer is willing to step-in and proceed with the applicable Major Phase and any Sub-Phases within that Major Phase that have not been previously conveyed. Upon such request, the Parties shall meet and confer on the terms of an Assumption Agreement whereby Developer would assume all obligations of Developer for that

Major Phase and any remaining Sub-Phases of the Major Phase, including proposed changes to the Schedule of Performance. Notwithstanding the foregoing, Authority shall not be obligated to negotiate exclusively with Developer, shall have no obligation to enter into an Assignment and Assumption Agreement for the applicable Major Phase with Developer and may Transfer the applicable Major Phase to a Third Party Transferee at any time.Restrictions on Speculation. No Sub-Phase or Lot may be Transferred by Developer until Developer (or the Transferee in accordance with Sections 21.1(e) or 21.4) has provided, and continues to maintain, Adequate Security for the performance of its obligations to Complete the Infrastructure and Stormwater Management Controls in that Sub-Phase until Completion of such Infrastructure and Stormwater Management Controls.

21.12 Restrictions on Transfer by the Authority. The Parties acknowledge that pursuant to the terms of the Conversion Act, the City and County of San Francisco and the San Francisco Port Commission (the "**Port**") may succeed to certain interests of the Authority in the event of the dissolution of the Authority. Developer agrees to be bound by all of the terms of this Agreement should the City and/or the Port succeed to the interest of Authority by operation of law or otherwise, and it is the intent of the Parties hereto that this Agreement shall continue to be of full force and effect and binding on both Developer and any successor to the Authority by operation of law or otherwise in accordance with all of its terms and conditions. Except as may be expressly permitted by the foregoing during the Term, the Authority shall not Transfer any portion of the Project Site to any Person where such Transfer would materially adversely impair Developer's performance under this DDA or the uses, densities, rights or intensity of development contemplated under this DDA. The foregoing shall not preclude the grant of easements, leases, subleases, licenses or permits to facilitate the development, operation and use of the Project Site as contemplated by this DDA or the Marina Term Sheet. The Authority may Transfer the Authority Housing Lots only to Qualified Housing Developers and only for the development of Authority Housing Projects as set forth in the Housing Plan. Prior to the issuance of the final Certificate of Completion for all Improvements contemplated hereunder, except as otherwise provided herein, the Authority shall retain all Public Property designated for parks or open space. The Authority shall have the right to Transfer all or any portion of NSTI that is not included in the Project Site, and any of the Authority's rights and obligations under this DDA by operation of law, without the Approval of Developer; provided, however, that Authority shall provide under the terms of any such Transfer that development of such area is performed consistent with the Development Requirements. In addition, so long as TICD remains the Master Developer, the Authority shall further provide under the terms of any such Transfer that development of the Transferred area comply with zoning and development standards equal to or more stringent than those applicable to the Project Site under the SUD and the Design for Development as of the Effective Date hereof.

21.13 Certain Recordkeeping. Developer and its Transferees are treated as one for purposes of the sharing of Net Cash Flow under Section 1.3 of the Financing Plan. Developer shall require each Transferee to create and maintain, with respect to its development at the Project Site (excluding any Vertical Improvements), the same reports, records and information that Developer is required to create and maintain with respect to its development at the Project Site. Developer shall gather and compile all such information and prepare an integrated Annual Report for purposes of all accounting and record keeping under the Financing Plan, including but not limited to maintaining records of the Project Accounts, Project Costs,

Distributions and Funding Sources in accordance with Section 1.6 of the Financing Plan. The Authority shall have the same audit rights against all Transferees as the Authority has against Developer, and all applicable reports, records and information of Transferees shall be made available to the Authority at its request in accordance with the Financing Plan.

22. General Developer and Vertical Developer Indemnification; Insurance.

22.1 General Developer Indemnification. Developer shall Indemnify the Authority and the City and their respective commissioners, supervisors, officers, employees, attorneys, contractors and agents (each, a "**City Party**") 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, consultant fees and costs and court costs) of whatever kind or nature, known or unknown, contingent or otherwise, including the reasonable costs to the Authority 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 Authority to take any action (collectively "**Losses**") arising from or as a result of, except to the extent such Losses are directly or indirectly caused by the act or omission of a City Party, (a) the non-compliance of the Infrastructure and Stormwater Management Controls constructed by or on behalf of Developer with any federal, State or local laws or regulations, including those relating to access, or any patent or latent defects therein, (b) during the period of time that Developer holds title to any portion of the Project Site, the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in such portion of the Project Site and (c) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in or around the Project Site to the extent caused by the act or omission of Developer or its agents, servants, employees or contractors.

In addition to the foregoing, Developer shall Indemnify the City Parties from and against all Losses (if a City Party has been named in any action or other legal proceeding) and all Authority Costs incurred by a City Party (if the City Party has not been named in the action or legal proceeding) arising directly or indirectly out of or connected with contracts or agreements (i) to which no City Party is a party and (ii) entered into by Developer in connection with its performance under this DDA, any Assignment and Assumption Agreement and any dispute between parties relating to who is responsible for performing certain obligations under this DDA (including any record keeping or allocation under the Financing Plan), except to the extent such Losses were caused by the act or omission of a City Party. For purposes of the foregoing sentence, no City Party shall be deemed to be a "party" to a contract solely by virtue of having Approved the contract under this DDA (e.g., an Assignment and Assumption Agreement).

22.2 General Vertical Developer Indemnification. The Vertical DDA and Vertical LDDA will require each Vertical Developer to Indemnify the City Parties from and against all Losses, except to the extent such Losses are caused by the act or omission of a City Party, arising from or resulting from (a) the non-compliance of the Vertical Improvements and any Infrastructure and Stormwater Management Controls constructed by Vertical Developer with any federal, State or local laws or regulations, including those relating to access, or any patent or latent defects therein, (b) during the period of time that Vertical Developer holds title to any

portion of the Project Site, the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in such portion of the Project Site and (c) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person in and around the Project Site to the extent caused by the act or omission of Vertical Developer or its agents, servants, employees or contractors.

22.3 Other Remedies. The agreements to Indemnify set forth in Sections 22.1 and 22.2 are in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities that Developer may have to the Authority under this DDA, except as may be limited by the provisions of Article 16.

22.4 Defense of Claims. The Authority agrees to give prompt notice to Developer or Vertical Developer (as the case may be, the "**Indemnifying Party**") with respect to any suit filed or claim made against the Authority (or, upon the Authority's discovery thereof, against any City Party that the Authority believes in good faith is covered by any Indemnification given by Developer or Vertical Developer under this DDA) no later than the earlier of (a) ten (10) days after valid service of process as to any filed suit or (b) fifteen (15) days after receiving notification of the assertion of such claim, which the Authority has good reason to believe is likely to give rise to a claim for Indemnification hereunder by the Indemnifying Party. The failure of the Authority to give such notice within such timeframes shall not affect the rights of the Authority or obligations of the Indemnifying Party under this DDA except to the extent that the Indemnifying Party is prejudiced by such failure. The Indemnifying Party shall, at its option but subject to Approval by the Authority, be entitled to control the defense, compromise or settlement of any such matter through counsel of the Indemnifying Party's choice; provided, that in all cases the Authority shall be entitled to participate in such defense, compromise or settlement at its own expense. If the Indemnifying Party shall fail, however, in the Authority's reasonable judgment, within a reasonable time following notice from the Authority alleging such failure, to take reasonable and appropriate action to defend, compromise or settle such suit or claim, the Authority shall have the right promptly to hire counsel to carry out such defense, compromise or settlement, and the reasonable expense of the Authority in so doing shall be due and payable to the Authority within fifteen (15) days after receipt by the Indemnifying Party of a properly detailed invoice for such expense.

22.5 Limitations of Liability. It is understood and agreed that no commissioners, members, officers, agents, or employees of the Authority (or of its successors or assigns) shall be personally liable to Developer or any Vertical Developer, nor shall any direct or indirect partners, members or shareholders of Developer or Vertical Developer or its or their respective officers, directors, agents or employees (or of their successors or assigns) be personally liable to the Authority, in the event of any default or breach of this DDA by the Authority, Developer or any Vertical Developer or for any amount that may become due to Developer, any Vertical Developer or the Authority or any obligations under the terms of this DDA; provided, that the foregoing shall not release obligations of a Person that otherwise has liability for such obligations, such as (i) the general partner of a partnership that, itself, has liability for the obligation or (ii) the obligor under any Adequate Security covering such obligation. Further, notwithstanding anything to the contrary set forth in this Article 22, the Indemnifications by Developer in Article 22 shall exclude any Losses relating to Hazardous

Substances, which shall be instead governed by the Land Acquisition Agreements, Permits to Enter and Article 11.

22.6 Insurance Requirements. As a part of each Major Phase Application, Developer shall propose the form, amount, type, terms and conditions of insurance coverages required of Developer in connection with such Major Phase, including those required under Section 11.3, and the final insurance requirements shall be included in each Major Phase Approval (the "**Insurance Requirements**").

23. Authority Indemnification.

23.1 Indemnification. The Authority shall Indemnify Developer and its owners and the members, directors, officers, partners, employees, agents, successors and assigns of each of them from and against all Losses arising from or as a result of Authority's non-compliance with applicable Replacement Housing Obligations, except to the extent that such Losses are directly or indirectly caused by the negligent or willful act of Developer, including Developer's failure to comply with its obligations under the Housing Plan.

23.2 Other Remedies. The agreement to Indemnify set forth in Section 23.1 is in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities that the Authority may have to Developer under this DDA, except as may be limited by the provisions of Article 16.

24. Excusable Delay; Extension of Times of Performance.

24.1 Excusable Delay. In addition to the specific provisions of this DDA, a Party shall not be deemed to be in default under this DDA, including all Exhibits, on account in any delay in such Party's performance to the extent the delay results from any of the following (each, "**Excusable Delay**"):

24.1.1 "**Force Majeure**", which means: war; acts of terrorism; insurrection; strikes or lock-outs not caused by, or outside the reasonable control of, the Party claiming an extension; riots; floods; earthquakes; fires; casualties; acts of nature; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation not caused by, or outside the reasonable control of, the Party claiming an extension; failure or delay in delivery of utilities serving the Project Site not caused by, or outside the reasonable control of, the Party claiming an extension, existing environmental conditions affecting the Project Site that are not the responsibility of Developer under a Remediation Agreement, and previously unknown environmental conditions discovered on or affecting the Project Site or any portion thereof, in each case including any delay caused or resulting from the investigation or remediation of such conditions; existing unknown or newly discovered geotechnical conditions affecting the Project Site, including any delay caused or resulting from the investigation or remediation of such conditions, or litigation that enjoins construction or other work on the Project Site or any portion thereof, causes a lender to refuse to fund, disburse or accelerate payment on a loan, or prevents or suspends construction work on the Project Site except to the extent caused by the Party claiming an extension; unusually severe weather; inability to secure necessary labor, materials or tools (provided that the Party claiming Force Majeure has taken

reasonable action to obtain such materials or substitute materials on a timely basis); a development moratorium, as defined in Section 66452.6(f) of the California Government Code, extending the expiration date of a tentative subdivision map; the occurrence of a Conflicting Law; a breach of Authority's Title Covenant, including any delay caused or resulting from the ensuing time necessary for Authority or Developer to remove such title exception, including litigation arising therefrom; and any other causes beyond the reasonable control and without the fault of the Party claiming an extension of time to perform.

24.1.2 "**Economic Delay**", means either (1) any period of time in which Developable Lots that are Market Rate Lots ("**Developable Market Rate Lots**") containing thirty percent (30%) or more of the number of Market Rate Units as set forth in the Housing Data Table approved for any given Sub-Phase remain unsold at or above the Minimum Bid Price(s) set forth in the Proforma submitted by Developer at the commencement of the applicable Major Phase (as such Proforma may be updated at a subsequent Sub-Phase in accordance with this DDA), for a period of no less than four (4) months after the last Market Rate Developable Lot in the Sub-Phase has been completed, notwithstanding commercially reasonable and diligent efforts by Developer to market and sell such Developable Market Rate Lots (a "**Sub-Phase Event**"); or (2) any period of time in which Developable Market Rate Lots containing thirty percent (30%) or more of the number of Market Rate Units as set forth in the Housing Data Tables for all Sub-Phases approved to date remain unsold at or above the Minimum Bid Price(s) set forth in the Proforma submitted by Developer at the commencement of the most recent Major Phase (as such Proforma may be updated at a subsequent Sub-Phase in accordance with this DDA), for a period of no less than four (4) months after the last Developable Market Rate Lot in the applicable Sub-Phase has been completed, notwithstanding commercially reasonable and diligent efforts by Developer to market and sell such Developable Market Rate Lots (a "**Cumulative Sub-Phase Event**"). The foregoing notwithstanding, Developable Market Rate Lots designated in the Housing Data Table approved at the commencement of any given Sub-Phase to accommodate buildings over 240 feet in height (each, a "**High Rise Lot**") and realized land sales attributable to those Developable Market Rate Lots shall be excluded from calculations of both a Sub-Phase Event and a Cumulative Sub-Phase Event for a period of time equal to the first six (6) years after the date of approval of the first Sub-Phase Application in the Initial Major Phase. From and after the sixth anniversary of the date of approval of the first Sub-Phase Application in the Initial Major Phase, all Developable Market Rate Lots in any given Sub-Phase, including High Rise Lots, shall be included in any calculations determining a Cumulative Sub-Phase Event, but shall not be included in any calculations for determining a Sub-Phase Event. Notwithstanding the foregoing, if the sole reason for Economic Delay is due to the inclusion of unsold High Rise Lots in a Cumulative Sub-Phase Event and such condition remains for more than four (4) years, the Developer, at its option, shall either waive the Economic Delay or, if it elects not to waive the Economic Delay, Developer may deliver a Requested Change Notice regarding a redesign of the High Rise Lots as necessary to reposition the Project for market acceptance.

24.1.3 "**Administrative Delay**", which means: (i) any Governmental Entity's failure to act within a reasonable time, in keeping with standard practices for such Governmental Entity, or within the time contemplated in the Interagency Cooperation Agreement, the Development Agreement, any of the Land Acquisition Agreements, any Acquisition and Reimbursement Agreement or this DDA (after a timely request to act or when a duty to act arises); (ii) the taking of any action, or the failure to act, by any Governmental Entity

where such action or failure to act is challenged by Developer or a Vertical Developer and the Governmental Entity's act or failure to act is determined to be wrong or improper; provided, that delays caused by an applicant's failure to submit Complete Applications or provide required information shall not, by itself, be an Administrative Delay; and (iii) any delay that by the express terms of this DDA is an Administrative Delay. Without limiting the foregoing, Administrative Delay shall include the period of delay, if any, between the anticipated date for Initial Closing as set forth in the Conveyance Agreement approved by the Authority and the City as of the Reference Date and the actual date for the Initial Closing as set forth in the fully executed final Conveyance Agreement.

24.1.4 "**CEQA Delay**", which means: (i) such period as may be required to complete any additional environmental review required under CEQA after the certification of the Project EIR by the Planning Commission and the Authority Board and the filing of a notice of determination following approval of the Project by the Board of Supervisors; (ii) any time during which there are litigation or other legal proceedings pending involving the certification or sufficiency of the Project EIR or any other additional environmental review, regardless of whether development activities are subject to a stay, injunction or other prohibition on development action; (iii) any time required to comply with any Mitigation Measures imposed on the Project relating to previously unknown conditions or conditions that could not have been reasonably anticipated and that, by their nature require a delay or stoppage in work, including investigation and remediation activities required thereby, provided that the Party claiming delay is taking such required actions and resolving the issues causing delay in a timely and diligent manner; and (iv) any time required by the Authority or City to prepare additional environmental documents in response to a pending Application or other request for an Approval by the City or the Authority that requires additional environmental review; provided that the Party claiming delay has timely taken reasonable actions to obtain any such Approval or action.

Notwithstanding anything to the contrary in this Section 24.1, the following shall not be Excusable Delay: (1) the lack of credit or financing, unless such lack is the result of Economic Delay; or (2) the appointment of a receiver to take possession of the assets of Developer, an assignment by Developer for the benefit of creditors, or any other action taken or suffered by Developer**,** under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute.

24.2 Period of Excusable Delay. The period of an Excusable Delay shall commence to run from the time of the commencement of the cause. Except for CEQA Delay, the Party claiming Excusable Delay shall provide notice to the other applicable Parties of such Excusable Delay within a reasonable time following the commencement of the cause. If, however, notice by the Party claiming such extension is sent to the other Parties more than sixty (60) days after the commencement of the cause, the period shall commence to run only sixty (60) days before the giving of such notice, provided that the Party claiming the extension gives notice within a reasonable time following the commencement of the cause.

24.2.1 Each extension for Excusable Delay shall cause all future dates in the Schedule of Performance, or other date for performance occurring after the date of the notice, to be extended (in each case as they may otherwise be extended), although Developer shall not be entitled (A) to abandon any portion of the Project Site that it owns or where it has

Commenced Infrastructure and Stormwater Management Controls without first taking appropriate measures to leave the property in good and safe condition, (B) to extend the Outside Dates for the Completion of Infrastructure and Stormwater Management Controls or other Improvements that have Commenced to the extent that Excusable Delay is not related to such activities, (C) to cease paying taxes or assessments on any real property it owns within the Project Site, (D) to avoid the obligation to maintain in effect Adequate Security or other financial assurances, (E) to avoid or delay its obligations to construct the Required Improvements, except to the extent an Excusable Delay relates to Developer's obligations for such construction, or (F) to avoid or delay its Financial Obligations (except to the extent such payments are tied to the dates for the Completion of Improvements). In addition, Developer shall not be entitled to an Economic Delay extension to extend the date for Completion of the Infrastructure and Stormwater Management Controls for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to demolition of the existing Yerba Buena Island units.

24.2.2 Times of performance under this DDA may also be extended in writing by the Authority and Developer for the Infrastructure and Stormwater Management Controls and the other obligations of Developer or the Authority hereunder, each acting in its respective sole and absolute discretion.

24.3 Developer Extension.

24.3.1 Upon receipt of each of the first three Major Phase Approvals, Developer shall obtain a "**Developer Extension**" equal to two (2) years. Upon receipt of the fourth Major Phase Approval, Developer shall obtain a Developer Extension equal to three (3) years. On any occasion in its sole discretion, Developer shall have the right to apply the Developer Extension subject to the following limitations and procedures: (i) Developer may apply the Developer Extension only by notifying the Authority to such effect, specifying the duration of such extension; (ii) by notice to the Authority Developer may extend the duration of the extension, so long as it remains within the then unused Developer Extension, and may reduce the duration of the extension upon notification that there is an applicable Excusable Delay and Developer intends to rely on the Excusable Delay instead of the Developer Extension; (iii) subject to the limitations in Section 24.3.2 below, each extension notice shall have the effect of extending (or reducing, as the case may be) all of the Outside Dates in the Schedule of Performance or other date for performance occurring after the date of the notice (in each case as they may otherwise be extended) by the duration of such extension (or reduction); (v) no such extension may be for a period longer than the unused portion of the then current Developer Extension; and (vi) any unused portion of a Developer Extension obtained upon a Major Phase Approval shall expire upon Completion of the Infrastructure and Stormwater Management Controls for that Major Phase. Extensions pursuant to this Section 24.3 are independent of Excusable Delay and any other ground for extension permitted in this DDA.

24.3.2 A Developer Extension shall cause all future dates in the Schedule of Performance, or other date for performance occurring after the date of the notice, to be extended (in each case as they may otherwise be extended), although Developer shall not be entitled (A) to abandon any portion of the Project Site that it owns or where it has Commenced Infrastructure and Stormwater Management Controls without first taking appropriate measures to

leave the property in good and safe condition, (B) to cease paying taxes or assessments on any real property it owns within the Project Site, (C) to avoid the obligation to maintain in effect Adequate Security or other financial assurances, (D) to extend the dates for performance for the Required Improvements, (E) to extend the date for Completion of the Infrastructure and Stormwater Management Controls for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to demolition of the existing YBI units, or (F) to avoid or delay its Financial Obligations (except to the extent such payments are tied to the dates for the Completion of Improvements).

24.4 Park Extension. Developer and the Authority wish to avoid damaging the Improvements to the parks and open space during construction of adjacent Improvements, and to avoid the Completion of such parks and open space Improvements before the Completion of the Infrastructure and Stormwater Management Controls serving the parks and open space. Accordingly, subject to compliance with the Mitigation Measures, Developer shall have the right to apply for an extension of the applicable Outside Date for a specified parks and open space by one (1) year (the "**Park Extension**") by submitting request for such extension to the Authority on or before the applicable Outside Date. Approval for such extension shall not be unreasonably withheld if Developer satisfactorily demonstrates that such extension is necessary to avoid damaging the Improvements to the parks and open space during construction of adjacent Improvements, and to avoid the Completion of such parks and open space Improvements before the Completion of the Infrastructure and Stormwater Management Controls serving the parks and open space.

24.5 Limitations. In the event that an Excusable Delay exceeds twelve (12) months (except as set forth in the last sentence of this Section 24.5), the Parties shall meet and confer in good faith on mutually acceptable changes to the Project that will allow development of the Project to proceed to the extent possible notwithstanding the event or events causing such Excusable Delay. Notwithstanding anything to the contrary in this DDA, in no event shall an Excusable Delay extend for a period greater than (i) for litigation, three (3) months after a final, non-appealable judgment is issued or affirmed and (ii) for all other events other than Administrative Delay, CEQA Delay, Economic Delay or Force Majeure triggered by earthquake or flood, forty-eight (48) months after the start of the Excusable Delay. There shall be no cutoff date for an Administrative Delay, new environmental conditions, CEQA Delay (except as provided in clause (i) above), Economic Delay (except as provided in Section 24.1.2) or Force Majeure triggered by earthquake or flood.

24.6 Extensions for Delay under Land Acquisition Agreements. The Parties acknowledge and agree that the Navy's schedule for the phased conveyances of the Project Site to the Authority is revised from time to time by the Navy to reflect the Navy's progress in remediating such property. Upon Developer's request, the Authority Director will consider, in his or her reasonable discretion, changes to the Schedule of Performance to extend the applicable Outside Dates so as to avoid having Applications submitted significantly in advance of when necessary based upon the anticipated date of conveyances by the Navy (or other parties under other Land Acquisition Agreements), but still far enough in advance to permit Developer to Commence Infrastructure and Stormwater Management Controls when the applicable real property will be available; provided, this potential extension of the Schedule of Performance

shall not be used or applied for delays under the Land Acquisition Agreements caused by Developer.

25. Cooperation and Assistance.

25.1 Interagency Cooperation Agreement. The Authority shall perform its obligations under the Interagency Cooperation Agreement and shall use commercially reasonable efforts to cause the City Agencies to perform their respective obligations under the Interagency Cooperation Agreement**.**

25.2 Authority and Developer Rights and Obligations Under Land Acquisition Agreements. As a part of the land acquisition required or contemplated for the Project, the Authority plans to enter into the Conveyance Agreement and the Public Trust Exchange Agreement (collectively, the "**Land Acquisition Agreements**"). In furtherance of the foregoing, the Authority shall, to the extent Developer continues to have rights under this DDA with respect to the affected real property: (a) use good faith efforts to include Developer in any meetings between the Authority and any of the parties to the Land Acquisition Agreements with respect to the subject matter thereof, and deliver to Developer a copy of any material written notice sent or received by the Authority under any of the Land Acquisition Agreements; (b) consult with Developer regarding any material written notice that the Authority desires to deliver under any Land Acquisition Agreement; (c) not send any material written notice that the Authority desires to deliver under any Land Acquisition Agreement without the Approval of Developer; (d) coordinate with Developer regarding any closing or other material actions under any of the Land Acquisition Agreements; (e) closely coordinate with Developer in connection with any dispute resolution process under the Conveyance Agreement; and (e) not take any actions under any of the Land Acquisition Agreements that would materially adversely impact Developer without the Approval by Developer (unless the failure to take such action would result in an Authority breach of the Land Acquisition Agreement), including any termination or material amendment of a Land Acquisition Agreement. The Authority shall make available to Developer upon written request any written notices or third-party communications, and any non-privileged materials, in the Authority's possession regarding the Land Acquisition Agreements. Developer agrees to reasonably cooperate with the Authority and to perform all acts required of Developer in order to effectuate the closings contemplated by the Land Acquisitions Agreements.

25.3 Cooperation Regarding Land Acquisition Agreements. The Authority will use commercially reasonable efforts to enforce its rights under the Land Acquisition Agreements; provided, that the Authority shall not be required to spend funds for such efforts unless Approved by the Authority Board and, if applicable, the Board of Supervisors. Developer will reasonably cooperate with the Authority in such efforts, including by providing access to the Authority, the Navy and their designated representatives and promptly delivering to the Authority any non-privileged materials in Developer's possession that may be required under the Land Acquisition Agreements.

26. Adequate Security

26.1 Certain Definitions. As used herein:

"**Adequate Security**" means any security provided by Developer in accordance with this DDA that (i) secures the faithful performance or payment of the obligation secured thereby, (ii) is issued by a Person Approved by the Authority Director (and that meets the Guarantor Net Worth Requirement, if applicable), (iii) provides that the maximum liability of the obligor thereunder shall be equal to the Secured Amount plus the costs of enforcing such Adequate Security, and (iv) is in a form determined by Developer and Approved by the Authority Director, including, but not limited to a Guaranty, bonds, letters of credit, certificates of deposit or any other form that provides reasonable assurances regarding the obligations secured thereby. Any Adequate Security required by the TI/YBI Subdivision Code in connection with a final subdivision map shall conform to the requirements of the TI/YBI Subdivision Code.

"**Guaranty**" means a guaranty in the form attached hereto as Exhibit Y-1 or Y-2, as applicable, with only such changes as may be Approved by Developer and the Authority Director in their respective sole and absolute discretion that is executed by a Person(s) (i) with a Net Worth greater than the Secured Amount, and in no event less than Fifty Million Dollars ($50,000,000) (such $50,000,000 amount to be increased, automatically, by ten percent (10%) on each five (5) year anniversary of the Effective Date) (the "**Guarantor Net Worth Requirement**") and (ii) that is otherwise Approved by the Authority Director (each, a "**Guarantor**").

"**Secured Amount**" means, unless otherwise specifically provided in this DDA, including Section 16.5.4, (i) if securing an obligation to pay money, one hundred percent (100%) of the amount of such secured payment and (ii) if securing an obligation to construct, one hundred percent (100%) of the estimated cost of Completion of such construction as such cost is Approved by the Authority Director and Developer with reference to the applicable construction contracts entered into by Developer.

26.2 Base Security.

26.2.1 Base Security. Developer shall provide one or more Guaranties or other Adequate Security for (i) the payment of Financial Obligations, (ii) the payment and performance of Indemnifications under this DDA, including Indemnification obligations set forth in Section 22.1 hereof relating to the construction of Infrastructure, Stormwater Management Controls, Associated Public Benefits and Required Improvements and in Section 11.2 relating to Hazardous Substances, and (iii) all obligations secured under the Original Project Guaranty (the "**Base Security**"). The Base Security shall include a cap on the obligors' liability covered by all Base Security in the aggregate amount of Ten Million Dollars ($10,000,000), provided such amount shall be increased automatically by ten percent (10%) on each five (5) year anniversary of the Reference Date (the "**Base Security Cap**").

26.2.2 Effect of Transfer. Unless otherwise Approved by the Authority Board in its sole discretion in connection with its Approval of a Transfer, a Transfer by Developer to a Transferee under this DDA (and the provision of Base Security from more than one Person) shall not decrease the Base Security Cap under Base Security previously provided to the Authority.

26.2.3 Delivery by Developer. Within sixty (60) days after the Reference Date, (i) Developer shall provide up to two separate Guaranties, substantially in the form attached hereto as Exhibit Y-1 (or other form of Adequate Security), each from a Guarantor that meets the Guarantor Net Worth Requirement, in the aggregate amount of the Base Security Cap, with only such changes as may be mutually Approved by the Authority Director and Developer, and such Adequate Security shall be, collectively, Developer's Base Security. Promptly following the full execution and delivery of such Base Security, the Authority shall release and return the Original Project Guaranty to Developer. If requested by Developer or the applicable obligor, the Authority shall provide a written confirmation of such release and return. If more than one (1) form of Base Security is provided, the Adequate Security shall not be cross-defaulted and liability thereunder shall be several and not joint, but such Guaranties shall be subject to the replenishment requirement under Section 26.2.5. In the event that a claim or demand may be made against more than one instrument of Base Security, the Authority shall have the right to proceed against all such Base Security instruments simultaneously or in such order as may be determined by the Authority in its sole discretion. Notwithstanding the foregoing, if a CEQA Delay has occurred within sixty (60) days after the Reference Date, then the Guaranties provided shall add up to a collective total of Five Million Dollars ($5,000,000), and shall be replaced by Guaranties meeting the requirements of this Section 26.2.2 adding up to a collective total of the Base Security Cap upon the earlier of (i) sixty days after the expiration of the CEQA Delay; or (ii) the Initial Closing of the FOST Parcel under the Conveyance Agreement. Concurrently with the execution and delivery of such replacement Guaranties, the Authority shall release and return the prior Guaranty Agreement(s) to the applicable Guarantor.

26.2.4 Delivery by Transferees. No later than the effective date of a Transfer by Developer under Article 21, either (i) Developer and the obligor(s) under Developer's Base Security shall confirm in a manner acceptable to the Authority Director that Developer's Base Security secures all obligations of the Transferee described in Section 26.2.1, or (ii) the Transferee shall provide to the Authority new Base Security that secures all obligations of the Transferee as described in Section 26.2.1 and is Approved by the Authority Director. The effectiveness of the Authority Board's Approval of any Transfer under Article 21 shall be conditioned upon the Authority's receipt of such Base Security or such confirmation.

26.2.5 Replenishment. No payment or performance made by the obligor under any Base Security shall reduce or eliminate the requirement that Developer provide and maintain Base Security at all times during this DDA until the applicable Base Security Termination Date. Accordingly, upon any payment or performance by an obligor under Base Security, Developer shall provide, within thirty (30) days following such payment or performance, either replacement Base Security or an amendment to the applicable existing Base Security (in each case meeting all of the requirements for the Base Security as set forth in this DDA) to confirm that the Base Security Cap under all Base Security remains, collectively, Ten Million Dollars ($10,000,000), as increased by ten percent (10%) on each five (5) year anniversary of the Reference Date (plus the costs of enforcing the Base Security).

26.2.6 Release. The Authority shall promptly release and return any unused portion of any Base Security five (5) years following the earliest to occur of the following events: (i) the issuance of the last Certificate of Completion for all Infrastructure and Stormwater Management Controls to be Completed by all of the Parties whose obligations are

secured thereby and the payment of all Financial Obligations and accrued Indemnification obligations that are to be paid by all of the Parties whose obligations are secured thereby; or (ii) the expiration or termination of both this DDA and the ENA with respect to such Parties (the "**Base Security Termination Date**") and, if requested by Developer or the applicable obligor, provide a written confirmation of such release and return.

26.3 Net Worth Requirement/Significant Change/Substitute SecurityNet Worth Requirement. Each Guaranty shall provide that the Guarantor thereunder shall, at the Authority's request to such Guarantor and Developer from time to time, provide reasonably satisfactory evidence to the Authority that such Guarantor satisfies the Guarantor Net Worth Requirement as of the date of such request; provided that the Authority shall not make such request more than once in any calendar year unless the Authority reasonably believes that the Guarantor Net Worth Requirement is not then being satisfied. Any such evidence shall include a copy of the most recent audit of such Person, which audit must be dated no more than thirteen (13) months before the date of the Authority's request and must have been performed by an independent third-party auditor and must include the opinion of the auditor indicating that the financial statements are fairly stated in all material respects. If such Guarantor or Developer does not or is unable to provide such evidence within twenty (20) days following such request, Developer shall within another twenty (20) days deliver to the Authority a new Guaranty (or other Adequate Security) that satisfies the requirements of this Article 26 from a Person who satisfies the Guarantor Net Worth Requirement.

26.3.2 Significant Change to Guarantor. Any of the following shall be considered a "**Significant Change to Guarantor**" under the Guaranty: (i) Guarantor files a petition for bankruptcy, or makes a general assignment for the benefit of its creditors, (ii) a receiver is appointed on account of Guarantor's insolvency, (iii) a writ of execution or attachment or any similar process is issued or levied against any bank accounts of Guarantor, or against any property or assets of Guarantor being used or required for use in the development of the Infrastructure, Stormwater Management Controls, Associated Public Benefits and Required Improvements or against any substantial portion of any other property or assets of Guarantor, (iv) a final non-appealable judgment is entered against Guarantor in an amount in excess of ten percent of the Guarantor's Net Worth and Guarantor does not satisfy or bond the judgment or (v) without the consent of Guarantor, an application for relief is filed against Guarantor under any federal or state bankruptcy law, unless the application is dismissed within ninety (90) days. If a Significant Change to Guarantor occurs, Developer shall notify the Authority as soon as reasonably practicable and within twenty (20) days after the occurrence of the Significant Change to Guarantor, deliver to the Authority a new Guaranty (or other Adequate Security) that satisfies the requirements of this Article 26 from a Person who satisfies the Guarantor Net Worth Requirement and would not be within the definition of a Significant Change to Guarantor.

26.4 Requirement for Adequate Security Prior to Sub-Phases.

26.4.1 Delivery; Secured Amount. As set forth in the DRDAP, Developer shall provide with each Sub-Phase Application one or more forms of Guaranty or other forms of Adequate Security that, collectively, secure all of Developer's obligations with respect to that Sub-Phase (the "**Sub-Phase Security**"), including Developer's obligation to Complete all of the Infrastructure, Stormwater Management Controls, Required Improvements

and Associated Public Benefits associated with that Sub-Phase, which obligations include but are not limited to all hard and soft costs relating to construction of such Infrastructure, Stormwater Management Controls, Required Improvements and Associated Public Benefits, and all work required to be performed by Developer to Complete such Infrastructure, Stormwater Management Controls, Required Improvements and Associated Public Benefits such as land assembly, mapping, and performance under the Land Acquisition Agreements (collectively, the "**Sub-Phase Construction Obligations**"), but excluding the payment of the Financial Obligations and all Indemnification obligations, each of which are secured by the applicable Base Security. The Sub-Phase Security shall provide that the maximum liability of the obligor(s) for the Sub-Phase Construction Obligations shall be, collectively, one hundred percent (100%), or to the extent Developer has provided Increased Adequate Security under Section 16.5.4, one hundred twenty-five percent (125%), of the estimated cost of Completion of the applicable Sub-Phase Construction Obligations as such cost is Approved by the Authority Director, with reference to any construction contracts entered into by Developer on or before the date of issuance of the Sub-Phase Security (the "**Sub-Phase Construction Secured Amount**") plus the costs of enforcing such Sub-Phase Security. Developer shall provide fully effective Sub-Phase Security in the form(s) as set forth in its Sub-Phase Application and the applicable Sub-Phase Approval no later than thirty (30) days after the Authority Director grants the applicable Sub-Phase Approval. The effectiveness of any Sub-Phase Approval shall be conditioned upon the Authority's receipt of such fully effective Sub-Phase Security.

26.4.2 Relationship Between Multiple Sub-Phase Security Instruments. If more than one instrument of Sub-Phase Security is provided for a Sub-Phase, then such Sub-Phase Security shall not be cross-defaulted and liability thereunder shall be several and not joint. In the event that a claim or demand may be made against more than one instrument of Sub-Phase Security, the Authority shall have the right to proceed against any or all of such Sub-Phase Security instruments simultaneously or in such order as may be determined by the Authority in its sole discretion.

26.4.3 Relationship with Base Security. The Parties acknowledge and agree that Developer's Indemnification obligations and obligations for payment of Financial Obligations under this DDA that arise out of a Sub-Phase are secured by Developer's Base Security and not by the applicable Sub-Phase Security. If the Authority pursues a claim or demand against any Adequate Security for payment and performance of Developer's Indemnification obligations or obligations for payment of Financial Obligations under this DDA that arise out of a Sub-Phase, it shall only pursue such claim or demand under the applicable Base Security.

26.5 Reduction, Return and Release of Sub-Phase Security. Any Sub-Phase Security provided by Developer in accordance with this DDA shall be proportionately reduced upon partial satisfaction of the Sub-Phase Construction Obligations secured thereby, to the extent Approved by the Authority or provided in such Sub-Phase Security, or upon notice by Developer in accordance with Section 16.5.4, be retained by the Authority to the extent necessary to satisfy the requirements for recordation of the Reverter Release. Except as may otherwise be required to support the Reverter Release under Section 16.5.4, any Sub-Phase Security shall be released upon the complete satisfaction of the obligation secured thereby, as evidenced by the issuance of Developer's last Certificate of Completion with respect to such Sub-Phase; provided that if the

Authority terminates this DDA with respect to such Sub-Phase before the issuance of Developer's last Certificate of Completion for that Sub-Phase, the Sub-Phase Security shall be released when the Sub-Phase Construction Obligations that relate to the period before such termination have been Completed (or, if applicable, upon and in accordance with a final, unappealable judicial determination). Notwithstanding anything to the contrary set forth in this DDA, to the extent that any Sub-Phase Security provided herein is given in accordance with the TI/YBI Subdivision Code for the purpose of securing Sub-Phase Construction Obligations required under an approved Subdivision Map, such Sub-Phase Security shall be reduced and released by the City in accordance with the TI/YBI Subdivision Code. Upon any release of any Sub-Phase Security under this DDA, the Authority shall promptly (and in any event within thirty (30) days following such release) return such released Sub-Phase Security and, if requested by Developer or the applicable obligor, provide a written confirmation of such release and return.

26.6 Substitution of Adequate SecurityDeveloper shall have the right to substitute any Adequate Security (including any Base Security) provided to the Authority hereunder, or any portion thereof, for another form of Adequate Security that meets all of the requirements or Approvals needed for it to be Adequate Security as defined in this DDA. Without limiting the generality of the foregoing, upon providing any security in the form required pursuant to the TI/YBI Subdivision Code for Infrastructure and Stormwater Management Controls as and when required thereby, any prior Sub-Phase Security provided by Developer for that Infrastructure and Stormwater Management Controls obligation shall be released or reduced to the extent of such required security.

27. Special Provisions. The following Ordinances of the City and County of San Francisco, as the same are in effect as of the Effective Date of the DDA and as amended or updated to the extent permitted under the Development Agreement, apply to the Project and the Work.

27.1 Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Covenant Not to Discriminate. In the performance of this Agreement, Developer covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under Chapter 12 of the San Francisco Administrative Code against any employee of Developer or any City and County employee working with Developer, any applicant for employment with Developer, or any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Developer in the City and County of San Francisco.

(b) Subleases and Other Contracts. Developer shall include in all subleases and other contracts relating to the Project Site to which Developer is a signing party a non-discrimination clause applicable to such subtenant or other contractor in substantially the form of Section 27.1(a) above. In addition, Developer shall incorporate by reference in all Subleases and other contracts the provisions of Sections 12B.2 (a), 12B.2 (c)-(k) and 12C.3 of

the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Developer's failure to comply with the obligations in this Section 27.1(b) shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Developer does not as of the Reference Date and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "**Core Benefits**") as well as any benefits other than the Core Benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local Law authorizing such registration, subject to the conditions set forth in Section 12B.2 of the San Francisco Administrative Code.

(d) HRC Form. On or prior to the Effective Date, Developer shall execute and deliver to the Authority the "Nondiscrimination in Contracts and Benefits" form approved by the San Francisco Human Rights Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Developer shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Developer understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Developer and/or deducted from any payments due Developer.

27.2 Jobs and Equal Opportunity Program. Developer shall comply with the Jobs EOP, including the requirements relating to Developer's compliance with the City's First Source Hiring Program (San Francisco Administrative Code Section 83.1 et. seq.).

27.3 Labor Representation (Card Check). San Francisco Administrative Code Chapter 23, Article VI shall apply to (i) hotel and restaurant operators that employ more than fifty (50) employees on the Project Site, and (ii) grocery operators that employ more than fifty (50) employees on the Project Site. Hotel operators shall also be required to utilize the TIHDI Job Broker for job referrals as described in and consistent with the Jobs EOP.

27.4 Wages and Working Conditions. Developer agrees that any person performing Construction Work (as defined in the Jobs EOP) shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Developer shall include in any contract for Construction Work a

requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Developer shall require any Construction Contractor to provide, and shall deliver to the Authority and City upon request, certified payroll reports with respect to all persons performing labor in connection with the construction.

27.5 Requiring Health Benefits for Covered Employees. Unless exempt, Developer agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("**HCAO**"), as set forth in San Francisco Administrative Code Chapter 12Q (Chapter 12Q), including the implementing regulations as the same may be amended or updated from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is currently available on the web at www.sfgov.org. Capitalized terms used in this Section 27.5 and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee Developer shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO.

(b) Notwithstanding the above, if Developer meets the requirements of a "small business" by the City pursuant to Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Section 27.8(a) above.

(c) Developer understands and agrees that the failure to comply with the requirements of the HCAO shall constitute a material breach by Developer of this Agreement.

(d) If, within 30 days after receiving written notice of a breach of this Agreement for violating the HCAO, Developer fails to cure such breach or, if such breach cannot reasonably be cured within such 30-day period, Developer fails to commence efforts to cure within such period, or thereafter fails to diligently pursue such cure to completion, the City shall have the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City and the Authority.

(e) Any sublease or contract regarding services to be performed on the Project Site entered into by Developer shall require the subtenant or contractor and subcontractors, as applicable, to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in Chapter 12Q of the Administrative Code. Developer shall notify the City's Purchasing Department when it enters into such a sublease or contract and shall certify to the Purchasing Department that it has notified the subtenant or contractor of the obligations under the HCAO and has imposed the requirements of the HCAO on the subtenant or contractor through written agreement with such subtenant or contractor. Developer shall be responsible for ensuring compliance with the HCAO for each subtenant, contractor and subcontractor performing services on the Project Site. If any subtenant, contractor or subcontractor fails to comply, the City or the Authority may pursue the remedies set forth in Section 12Q.5 of the Administrative Code against Developer based on the

subtenant's, contractor's, or subcontractor's failure to comply, provided that the Authority has first provided Developer with notice and an opportunity to cure the violation.

(f) Developer shall not discharge, reprimand, penalize, reduce the compensation of, or otherwise discriminate against, any employee for notifying the City of any issue relating to the HCAO, for opposing any practice proscribed by the HCAO, for participating in any proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(g) Developer represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the requirements of the HCAO.

(h) Developer shall keep itself informed of the requirements of the HCAO, as they may change from time to time.

(i) Upon request, Developer shall provide reports to the City and the Authority in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subtenants, contractors, and subcontractors.

(j) Within five (5) business days of any request, Developer shall provide the City and the Authority with access to pertinent records relating to any Developer's compliance with the HCAO. In addition, the City and its agents may conduct random audits of Developer at any time during the Term. Developer agrees to cooperate with City and the Authority in connection with any such audit.

(k) If a contractor or subcontractor is exempt from the HCAO because the amount payable to such contractor or subcontractor under all of its contracts with the City or relating to City-owned property is less than $25,000.00 (or $50,000.00 for nonprofits) in that fiscal year, but such contractor or subcontractor later enters into one or more agreements with the City or relating to City-owned property that cause the payments to such contractor or subcontractor to equal or exceed $75,000.00 in that fiscal year, then all of the contractor's or subcontractor's contracts with the City and relating to City-owned property shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements to equal or exceed $75,000.00 in the fiscal year.

27.6 Developer Conflicts of Interest. Through its execution of this Agreement, Developer acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, certifies that it knows of no facts which would constitute a violation of such provisions and agrees that if Developer becomes aware of any such fact during the Term Developer shall immediately notify the Authority. Developer further certifies that it has made a complete disclosure to the Authority of all facts bearing on any possible interests, direct or indirect, which Developer believes any officer or employee of the City or the Authority presently has or will have in this Agreement or in the performance thereof or in any portion of the profits thereof. Willful failure by Developer to make such disclosure, if any, shall constitute grounds for the Authority's termination and cancellation of this Agreement.

27.7 Prohibition of Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, no funds appropriated by the Authority for this Agreement may be expended for organizing, creating, funding, participating in, supporting, or attempting to influence any political campaign for a candidate or for a ballot measure (collectively, "**Political Activity**"). The terms of San Francisco Administrative Code Chapter 12.G are incorporated herein by this reference. Accordingly, an employee working in any position funded under this Agreement shall not engage in any Political Activity during the work hours funded hereunder, nor shall any equipment or resource funded by this Agreement be used for any Political Activity. In the event Developer, or any staff member in association with Developer, engages in any Political Activity, then (i) Developer shall keep and maintain appropriate records to evidence compliance with this section, and (ii) Developer shall have the burden to prove that no funding from this Agreement has been used for such Political Activity. Developer agrees to cooperate with any audit by the Authority, the City or its designee in order to ensure compliance with this section. In the event Developer violates the provisions of this section, the City or the Authority may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement and any other agreements between Developer and the Authority, (ii) prohibit Developer from bidding on or receiving any new City or Authority contract for a period of two (2) years, and (iii) obtain reimbursement of all funds previously disbursed to Developer under this Agreement.

27.8 Notification of Limitations on Contributions. Through its execution of this Agreement, Developer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code (the "**Conduct Code**") which prohibits or a state agency on whose board an appointee of a City elective officer serves, for the selling or leasing of any land or building to or from the City or a state agency on whose board an appointee of a City elective officer serves, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six (6) months after the date the contract is approved. Developer acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Developer further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Developer's board of directors; Developer's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Developer; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Developer. Additionally, Developer acknowledges that Developer must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Developer further agrees to provide the Authority the name of each person, entity or committee described above.

27.9 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between the Authority and persons or firms seeking contracts will be open to inspection immediately after a contract has

been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

27.10 MacBride Principles - Northern Ireland. The City and the Authority urge companies doing business in Northern Ireland to move towards resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and the Authority also urge San Francisco companies to do business with corporations that abide by the MacBride Principles. Developer acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

27.11 Tropical Hardwood and Virgin Redwood Ban. The City and the Authority urge companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood wood product, or any virgin redwood or virgin redwood wood product. Developer agrees that, except as permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Developer shall not use or incorporate any tropical hardwood or virgin redwood in the construction of the Improvements. Developer shall not provide any items to the construction of the Project, or otherwise in the performance of this Agreement which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Developer fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Developer shall be liable for liquidated damages for each violation in any amount equal to the contractor's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

27.12 Resource-Efficient Facilities and Green Building Requirements. Developer acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 710 relating to resource-efficient buildings and green building design requirements. Developer hereby agrees it shall comply with the applicable provisions of such code sections.

27.13 Tobacco Product Advertising Prohibition. Developer acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the City or the Authority, including the Project Site. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product, or on any sign. The foregoing prohibition shall not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

27.14 Drug-Free Workplace. Developer acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. Sections 701 et. seq.), the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City or Authority premises. Developer and its agents or assigns shall comply with all terms

and provisions of such Act and the rules and regulations promulgated thereunder. Developer agrees that any violation of this prohibition by Developer, its agents or assigns shall be deemed a material breach of this Agreement.

27.15 Pesticide Ordinance. Developer shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "**Pesticide Ordinance**") which (i) prohibit the use of certain pesticides on City or Authority property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Developer to submit to the Authority an integrated pest management ("**IPM**") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Developer may need to apply to the Project Site during the Term, (b) describes the steps Developer will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance, and (c) identifies, by name, title, address and telephone number, an individual to act as Developer's primary IPM contact person with the City or the Authority. In addition, Developer shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Through the Authority, Developer may seek a determination from the City's Commission on the Environment that Developer is exempt from complying with certain portions of the Pesticide Ordinance with respect to this Agreement, as provided in Section 307 of the Pesticide Ordinance. The Authority shall reasonably cooperate with Developer, at Developer's sole cost and expense, if Developer seeks in good faith an exemption under the Pesticide Ordinance.

27.16 Preservative Treated Wood Containing Arsenic. Developer may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Developer may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Developer from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

27.17 Compliance with Disabled Access Laws. Developer acknowledges that, pursuant to the Disabled Access Laws, programs, services and other activities provided by a public entity to the public, whether directly or through Developer or contractor, must be accessible to the disabled public. Developer shall not discriminate against any person protected under the Disabled Access Laws in connection with the use of all or any portion of the Property and shall comply at all times with the provisions of the Disabled Access Laws.

27.18 Protection of Private Information. Developer agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "**Protection of Information Ordinance**"), including the remedies provided therein. The provisions of the Protection of Private Information Ordinance are incorporated herein by

reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this Section 27.18 and not defined in this Agreement shall have the meanings assigned to such terms in the Protection of Private Information Ordinance. Consistent with the requirements of the Protection of Private Information Ordinance, Developer agrees to all of the following:

(a) Neither Developer nor any of its contractors or subcontractors who receive Private Information from the City or the Authority in the performance of a contract may disclose that information to a subcontractor or any other person or entity, unless one of the following is true:

(i) The disclosure is authorized by this Agreement;

(ii) Developer received advance written approval from the Authority to disclose the information; or

(iii) The disclosure is required by judicial order.

(b) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement or the Authority's approval and shall not be used except as necessary in the performance of the obligations under the contract. Any disclosure or use of Private Information authorized by the Authority shall be in accordance with any conditions or restrictions stated in the approval.

(c) "**Private Information**" shall mean any information that (1) could be used to identify an individual, including without limitation name, address, social security number, medical information, financial information, date and location of birth, and names of relative; or (2) the law forbids any person from disclosing.

(d) Any failure of Developer to comply with the Protection of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the Authority may terminate this Agreement, debar Developer, or bring a false claim action against Developer.

27.19 Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the Authority's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Developer shall remove all graffiti from any real property owned or leased by Developer in the City and County of San Francisco within forty-eight (48) hours of the earlier of Developer's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti

from the Department of Public Works or the Authority. This Section 27.19 is not intended to require Developer to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code, or the San Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Developer to comply with this Section 27.19 shall constitute a Developer Event of Default.

27.20 Food Service Waste Reduction Ordinance. Developer agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. This provision is a material term of this Agreement. By entering into this Agreement, Developer agrees that if it breaches this provision, the Authority and City will suffer actual damages that will be impractical or extremely difficult to determine; further, Developer agrees that the sum of one hundred dollars ($100.00) liquidated damages for the first breach, two hundred dollars ($200.00) liquidated damages for the second breach in the same year, and five hundred dollars ($500.00) liquidated damages for-subsequent breaches in the same year is a reasonable estimate of the damage that the Authority and City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by the Authority and City because of Developer's failure to comply with this provision.

27.21 Charter Provisions. This Agreement is governed by and subject to the provisions of the Charter of the City and County of San Francisco, including the budgetary and fiscal provisions of the City's Charter. Notwithstanding anything to the contrary contained in this Agreement, there shall be no obligation for the payment or expenditure of money by the Authority or City under this Agreement unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Developer acknowledges that in no event shall the City’s General Fund have any liability for any of the Authority’s obligations under this Agreement.

27.22 Incorporation. Each and every provision of the San Francisco Administrative Code or any other San Francisco Code specifically described or referenced in this

Agreement is hereby incorporated by reference, as it exists on the Effective Date as though fully set forth herein.

28. Miscellaneous Provisions.

28.1 Incorporation of Exhibits and Attachments. Each Exhibit is hereby incorporated into and made a part of this DDA. Each Attachment is attached for reference and the convenience of the Parties.

28.2 Notices. Any notice or other communication given under this DDA by a Party must be given or delivered (i) by hand, (ii) by registered or certified mail, postage prepaid and return receipt requested, or (iii) by a recognized overnight carrier, such as Federal Express, in any case addressed as follows:

28.2.1 in the case of a notice or communication to the Authority,

Treasure Island Development Authority
c/o Office of Economic and Workforce Development
City Hall, Rm. 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Treasure Island Project Director

and

Office of the City Attorney
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate/Finance

28.2.2 in the case of a notice or communication to Developer,

Treasure Island Community Development, LLC
c/o UST Lennar HW Scala SF Joint Venture
One California Street, Suite 2700
San Francisco, CA 94111
Attn: Kofi Bonner

and

Gibson Dunn & Crutcher LLP
555 Mission Street, Suite 3000
San Francisco, CA 94105
Attn: Mary G. Murphy

To be effective, every notice given to a Party under the terms of this DDA must be in writing and must state (or must be accompanied by a cover letter that states) substantially the following:

(a) the Section of this DDA under which the notice is given;

(b) if applicable, the action or response required;

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

(d) if applicable, the period of time within which the recipient of the notice must cure an alleged breach;

(e) 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 the subject matter of the notice;

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

(g) if a notice of a disapproval or an objection that requires reasonableness, shall specify with particularity the reasons for the disapproval or objection.

Any mailing address may be changed by a Party at any time by giving notice of such change in the manner provided above, and any such change shall be effective ten (10) days thereafter (or such later date as is set forth in such notice). All notices under this DDA 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.

28.3 Time of Performance.

28.3.1 All performance (including cure) dates expire at 5:00 p.m. on a Business Day (San Francisco, California time) on the applicable date for performance (including cure), as such date may be extended pursuant to the effect of Article 24 or any other extension of time permitted in this DDA.

28.3.2 Where the Outside Date (or other date set forth in this DDA) set forth in the Schedule of Performance is a calendar month without reference to a specific day in such month, or a year without reference to a specific month in such year, then the Outside Date shall be the last day in such month or year, as applicable.

28.3.3 Time is of the essence in the performance of all the terms and conditions of this DDA.

28.4 Extensions of Time.

28.4.1 The Authority or Developer may extend the time for the performance of any term, covenant or condition of this DDA by a Party owing performance to the extending party, or permit the curing of any related default, upon such terms and conditions as it determines appropriate; provided, however, any such extension or permissive curing of any particular default shall not operate to release any of the obligations of the Party receiving the extension or cure rights or constitute a waiver of the granting Party's rights with respect to any other term, covenant or condition of this DDA or any other default in, or breach of, this DDA.

28.4.2 In addition to matters set forth in Section 28.4.1, the Parties may extend the time for performance by any of them of any term, covenant or condition of this DDA by a written instrument signed by authorized representatives of such Parties without the execution of a formal recorded amendment to this DDA, and any such written instrument shall have the same force and effect and impart the same notice to third parties as a formal recorded amendment to this DDA.

28.5 Attorneys' Fees.

28.5.1 Should any Party institute any action or proceeding in court or other dispute resolution mechanism permitted or required under this DDA, the prevailing party shall be entitled to receive from the losing party the prevailing party's reasonable costs and expenses incurred including, without limitation, expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses, and such amount as may be awarded to be reasonable attorneys' fees and costs for the services rendered the prevailing party in such action or proceeding. Attorneys' fees under this Section 28.5.1 shall include attorneys' fees on any appeal.

28.5.2 For purposes of this DDA, reasonable fees of attorneys and any in-house counsel shall be based on the average 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 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.

28.6 Eminent Domain. The exercise by the Authority of its eminent domain power, if applicable, with regard to any portion of the Project Site owned by Developer or any Vertical Developer in a manner that precludes or substantially impairs performance by Developer or any Vertical Developer of any of its material obligations (or would otherwise give rise to a default by Developer) hereunder shall constitute a Material Breach by the Authority.

28.7 Successors and Assigns; No Third-Party Beneficiary. Subject to the provisions of Article 21, this DDA shall be binding upon and inure to the benefit of the Mortgagees and transferees of Developer and any transferee of the Authority, including, without limitation, the San Francisco Port Commission and the City and County of San Francisco, if applicable. This DDA is made and entered into only for the protection and benefit of the Parties and their successors and assigns. No other Person shall have or acquire any right or action of

any kind based upon the provisions of this DDA except as explicitly provided to the contrary in this DDA.

28.8 Estoppel Certificates. Any Party, within twenty (20) days after notice from any other Party, shall execute and deliver to the requesting Party and, if requested, any Mortgagee or prospective Mortgagee, an estoppel certificate stating:

28.8.1 whether or not this DDA is unmodified and in full force and effect. If there has been a modification of this DDA, the certificate shall state that this DDA is in full force and effect as modified, and shall set forth the modification, and if this DDA is not in full force and effect, the certificate shall so state; and

28.8.2 whether or not the responding Party is aware of any Event of Default (or event which, with notice or the passage of time or both, could be an Event of Default) by any other Party under this DDA in any respect and, if so, describing the same in detail.

28.9 Counterparts. This DDA may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same instrument. Such counterparts may be delivered by facsimile, electronic mail or other similar means of transmission.

28.10 Authority and Enforceability. Developer and the Authority each represents and warrants that the execution and delivery of this DDA, and the performance of its obligations hereunder, have been duly authorized by all necessary action, and will not conflict with, result in any violation of, or constitute a default under, any provision of any agreement or other instrument binding upon or applicable to it, or any present law or governmental regulation or court decree.

28.11 References. Wherever in this DDA the context requires, references to the masculine shall be deemed to include the feminine and the neuter and vice-versa, and references to the singular shall be deemed to include the plural and vice versa.

28.12 Correction of Technical Errors. If by reason of inadvertence, and contrary to the intention of Developer and the Authority, errors are made in this DDA in the identification or characterization of any title exception, in a legal description or the reference to or within any Exhibit with respect to a legal description, in the boundaries of any parcel (provided such boundary adjustments are relatively minor and do not result in a material change as determined by the Authority's counsel), in any map or drawing which is an Exhibit, or in the typing of this DDA or any of its Exhibits, Developer and the Authority by mutual agreement may correct such error by memorandum executed by both of them and replacing the appropriate pages of this DDA, and no such memorandum or page replacement shall be deemed an amendment of this DDA.

28.13 Brokers. Developer and the Authority each represents to the other that it has not employed a broker or a finder in connection with the execution and delivery of this DDA, and agrees to Indemnify the other from the claims of any broker or finder asserted through such Party.

28.14 Governing Law. This DDA shall be governed by and construed in accordance with the laws of the State of California. All references in this DDA to California or federal laws and statutes shall mean such laws, regulations and statues as they may be amended from time to time, except to the extent a contrary intent is stated.

28.15 Effect on Other Party's Obligation. If Developer's or the Authority's performance is excused or the time for its performance is extended under Article 24, the performance of the other Party that is conditioned on such excused or extended performance is excused or extended to the same extent.

28.16 Table of Contents; Headings. The Table of Contents is for the purpose of convenience of reference only and is not to be deemed as a part of this DDA or as supplemental hereto. Section and other headings are for the purpose of convenience of reference only and are not intended to, nor shall they, modify or be used to interpret the provisions of this DDA.

28.17 Numbers.

(a) Generally. For purposes of calculating a number under this DDA, any fraction equal to or greater than one half (1/2) shall be rounded up to the nearest whole number and any fraction less than one half (1/2) shall be rounded down to the nearest whole number.

(b) Number of Days. References in this DDA to days shall be to calendar days, unless otherwise specified; provided, that if the last day of any period to give notice, reply to a notice, meet a deadline or to undertake any other action occurs on a day that is not a Business Day, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding Business Day.

28.18 No Gift or Dedication. Except as otherwise specified in this DDA, this DDA shall not be deemed to be a gift or dedication of any portion of the Project Site to the general public, for the general public, or for any public use or purpose whatsoever. Developer shall have the right to prevent or prohibit the use of any portion of the property owned by it, including common areas and buildings and improvements, by any Persons for any purpose inimical to the operation of a private, integrated mixed-use project as contemplated by this DDA. Any dedication must be evidenced by an express written offer of dedication to and written acceptance by the Authority, the City, the SFPUC, CFD or other Governmental Entity, as applicable, for such purposes by a recorded instrument executed by the owner of the property dedicated.

28.19 Severability. Except as is otherwise specifically provided for in this DDA for Conflicting Laws, invalidation of any provision of this DDA, or of its application to any Person, by judgment or court order shall not affect any other provision of this DDA or its application to any other Person or circumstance, and the remaining portions of this DDA shall continue in full force and effect, except to the extent that enforcement of this DDA as invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate a fundamental purpose of this DDA.

28.20 Entire Agreement. This DDA contains all of the representations and warranties and the entire agreement between the Parties with respect to the subject matter of this DDA. Any prior correspondence, memoranda, agreements, warranties or representations between the parties relating to such subject matter are incorporated into and superseded in total by this DDA. Notwithstanding the foregoing, this DDA shall not supersede the ENA, which shall remain in full force and effect according to its terms; provided, however, that so long as the DDA is in full force and effect, the terms of the DDA shall control in the event of any inconsistency. No prior drafts of this DDA or changes from those drafts to the executed version of this DDA shall be introduced as evidence in any litigation or other dispute resolution proceeding by Developer, the Authority or any other Person, and no court or other body shall consider those drafts in interpreting this DDA.

28.21 No Party Drafter; Captions. Although certain provisions of this DDA were drawn by the Authority and certain provisions were drawn by Developer, (i) the provisions of this DDA shall be construed as a whole according to their common meaning and not strictly for or against any Party in order to achieve the objectives and purposes of the Parties, and (ii) no Party nor its counsel shall be deemed to be the drafter of any provision of this DDA.

28.22 Conduct; Covenant of Good Faith and Fair Dealing. In all situations arising out of this DDA, subject to the provisions of Article 16, Developer and the Authority shall each attempt to avoid and minimize the damages resulting from the conduct of the other and shall take all reasonably necessary measures to achieve the provisions of this DDA. This DDA is subject to the covenant of good faith and fair dealing applicable under California law.

28.23 Further Assurances. Each of Developer and the Authority covenants, on behalf of itself and its successors, heirs and assigns, to take all actions and to do all things, and to execute, with acknowledgment or affidavit if required, any and all documents and writings that may be necessary or proper to achieve the purposes and objectives of this DDA. The Authority Director is authorized to execute and deliver on behalf of the Authority any closing or similar documents and any contracts, agreements, memoranda or similar documents with State, regional and local entities or enter into any tolling agreement with any Person if the Authority Director determines that such execution and delivery are necessary or proper to achieve the purposes and objectives of this DDA and in the Authority's best interests.

28.24 Approvals.

(a) As used herein, "**Approval**" and any variation thereof (such as "**Approved**" or "**Approve**") refers to the prior written consent of the applicable Party or other Person. When used with reference to a Governmental Entity such terms are intended to refer to the particular form of consent or approval required from such Governmental Entity in order to obtain the Authorization being sought.

(b) Whenever Approval is required of Developer, the Authority, the Authority Board or the Authority Director under this DDA, it shall not be unreasonably withheld, conditioned or delayed unless the Approval is explicitly stated in this DDA to be within the "sole discretion" (or words of similar import) of the Party whose Approval is sought. The reasons for failing to grant Approval, or for giving a conditional Approval, shall be stated in reasonable

detail in writing, except by the Authority Board, which as a public body will grant or deny Approval in open session at a duly held and noticed public meeting in accordance with applicable public meeting laws. Approval by Developer or the Authority to or of any act or request by the other shall not be deemed to waive or render unnecessary Approval to or of any similar or subsequent acts or requests. The requirements for Approvals under this DDA shall extend to and bind the partners, officers, directors, shareholders, trustees, beneficiaries, agents, elective or appointive boards, commissions, employees and other authorized representatives of Developer and the Authority, and each such Person shall make or enter into, or take any action in connection with, any Approval in accordance with these requirements. In determining whether to give an Approval, no Party shall require changes from or impose conditions inconsistent with (i) the Development Requirements or (ii) matters it has previously Approved with respect to the matter at issue.

(c) Unless otherwise provided in this DDA, whenever Approval or any other action is required by the Authority Board, the Authority Director shall upon the request of Developer submit such matter to the Authority Board at the next regularly-scheduled meeting of the Authority Board for which an agenda has not yet been finalized and for which the Authority can prepare and submit a staff report in keeping with Authority standard practices.

(d) Unless otherwise provided in this DDA, Approvals or other actions of the Authority (as opposed to the Authority Director or the Authority Board) will be given or undertaken, as applicable, by the Authority Director.

(e) Developer shall from time to time by notice to the Authority designate the Persons who may act as its "**Developer Representative**". Approvals or other actions of Developer shall be given or undertaken, as applicable, by Developer's Representative or such other Person that provides evidence reasonably acceptable to the Authority Director that such Person is duly authorized to act on behalf of Developer.

28.25 Cooperation and Non-Interference. Developer and the Authority shall each refrain from doing anything that would render its performance under this DDA impossible, and subject to Article 16 each shall do everything which this DDA contemplates that the Party shall do to accomplish the objectives and purposes of this DDA.

28.26 Interpretation. Unless otherwise specified, whenever in this DDA, including its Exhibits, reference is made to the Table of Contents, any Article, Section, Exhibit, Attachment or any defined term, the reference shall be deemed to refer to the Table of Contents, Article, Section, Exhibit, Attachment or defined term of this DDA. Any reference to an Article or a Section includes all subsections and subparagraphs of that Article or Section. The use in this DDA of the words "including", "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific statements, terms or matters, whether or not language of non-limitation, such as "without limitation" or "but not limited to", or words of similar import, is used with reference thereto. In the event of a conflict between the Recitals and the remaining provisions of this DDA, the remaining provisions shall prevail.

28.27 Legal Representation. Developer and the Authority each acknowledges, warrants and represents that it has been fully informed with respect to, and represented by counsel of its choice in connection with the rights and remedies of and waivers by it contained in this DDA and after such advice and consultation has presently and actually intended, with full knowledge of its rights and remedies otherwise available at law or in equity, to waive and relinquish those rights and remedies to the extent specified in this DDA, and to rely solely on the remedies provided for in this DDA with respect to any breach of this DDA by the other, or any other right that either Developer or the Authority seeks to exercise.

28.28 Recordation; Run with the Land. It is understood and agreed by Developer and the Authority that after execution by Developer and the Authority, this DDA will be recorded by the Authority; provided that the recordation shall affect only Developer's and the Authority's interest in the Project Site (including any real property acquired by either of them after the Effective Date). If this DDA is terminated in accordance with its terms, Developer or the Authority may record a Notice of Termination as provided in Section 28.36. Before any such termination of this DDA by the terms hereof, and subject to release of the lien of this Agreement in accordance with Section 2 hereof, the covenants and agreements of Developer and the Authority contained herein shall be covenants running with any land conveyed from the Authority to Developer shall bind every Person having any interest in such real property, and shall be binding upon and inure to the benefit and burden of Developer and the Authority and their respective heirs, successors and assigns. This DDA shall not burden or bind any other property in the Project Site that is not acquired by the Authority or Developer under this DDA.

28.29 Survival. Termination of this DDA shall not affect (i) the right of any Party to enforce any and all Indemnifications or Adequate Security (including any Guaranty) to the extent they relate to the period before termination, (ii) any provision of this DDA that, by its express term, is intended to survive the expiration or termination of this DDA, or (iii) the rights and obligations under the Financing Plan or under any Acquisition and Reimbursement Agreement, including Developer's right to receive reimbursements, to the extent they relate to the period before termination or are intended to survive the expiration or termination of the Financing Plan or Acquisition and Reimbursement Agreement, as applicable. Notwithstanding the foregoing, all Indemnification obligations under this DDA shall expire five (5) years after the earlier to occur of (a) the Authority's issuance of a Certificate of Completion with respect to the Improvements for which the Certificate of Completion was issued or (b) the termination of this DDA with respect to the portion of the Project Site to such termination relates; provided, that the foregoing expiration shall not apply as to (i) any Indemnification obligation under Section 11.2, which shall expire as set forth in Section 11.2, (ii) any Indemnification obligation as to which the Authority has given notice in accordance with the first sentence of Section 22.4 on or before the date of such expiration, and (iii) any Indemnification Obligation under Sections 22.1(b), 22.1(c), 22.2(b) and 22.2(c), which shall expire five (5) years after Developer Transfers the applicable portion of the Project Site. No termination under Section 3.8.1 shall (1) affect Developer's rights under this DDA for any then-existing Sub-Phase Approval or (2) prevent the Authority, in its sole discretion, from later accepting and/or Approving any Major Phase Application or Sub-Phase Application from Developer.

28.30 Nondiscrimination.

28.30.1 There shall be no discrimination against or segregation of any person or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, or on the basis of age, race, color, creed, sex, sexual orientation, gender identity, marital or domestic partner status, disabilities (including AIDS or HIV status), religion, national origin or ancestry by Developer or any occupant or user of the Project Site in the sale, lease, rental, sublease, transfer, use, occupancy, tenure or enjoyment of the Project Site, or any portion thereof. Neither Developer itself (nor any person or entity claiming under or through it), nor any occupant or user of the Project Site or any Transferee, successor, assign or holder of any interest in the Project Site or any person or entity claiming under or through such Transferee, successor, assign or holder, shall establish or permit any such practice or practices of discrimination or segregation in connection with the Project Site, including without limitation, with reference to the selection, location, number, use or occupancy of buyers, tenants, vendees or others. But Developer shall not be in default of its obligations under this Section 28.30 where there is a judicial action or arbitration involving a bona fide dispute over whether Developer is engaged in discriminatory practices and Developer promptly acts to satisfy any judgment or award against Developer.

28.30.2 Any Transferee, successor, assign, or holder of any interest in the Project Site, or any occupant or user thereof, whether by contract, lease, rental, sublease, license, deed, deed of trust, Mortgage or otherwise, and whether or not any written instrument or oral agreement contains the above prohibitions against discrimination, shall be bound by, and shall not violate in whole or in part, directly or indirectly, the nondiscrimination requirements set forth above. The covenants in this Section 28.30 shall be covenants running with the land and they shall be: (i) binding for the benefit and in favor of the Authority, as beneficiary, and the City and the owner of any other land or of any interest in any land in the Project Site (as long as such land remains subject to the land use requirements and restrictions of the SUD and the Design for Development), as beneficiary, and their respective successors and assigns; and (ii) binding against Developer, its successors and assigns to or of the Project Site and any improvements thereon or any portion thereof or any interest therein, and any party in possession or occupancy of the Project Site or the improvements thereon or any portion thereof.

28.30.3 In amplification, and not in restriction, of the provisions of Sections 28.30.1 and 28.30.2, the Authority, the City and their respective successors and assigns, as to the covenants provided in this Section 28.30 of which they are stated to be beneficiaries, shall be beneficiaries both for and in their own right and also for the purposes of protecting the interest of NSTI and other parties, public or private, and without regard to whether the Authority or the City has at any time been, remains, or is an owner of any land or interest therein to which, or in favor of which, such covenants relate. The Authority, the City and their respective successors and assigns shall have the right, as to any and all of such covenants of which they are stated to be beneficiaries, to exercise all the rights and remedies, and to maintain, any actions at law or suits in equity or other proper proceedings, to enforce such covenants to which it or any other beneficiaries of such covenants may be entitled including without limitation, restraining orders, injunctions and/or specific enforcement, judicial or administrative.

28.31 Lead-Based Paint Prohibition. Developer shall comply with the regulations issued by the Secretary of HUD set forth in 37 C.F.R. 22732-3 and all applicable rules and orders prohibiting the use of lead-based paint in residential structures undergoing federally-assisted construction or rehabilitation and requiring the elimination of lead-based paint hazards.

28.32 Modifications; Waiver. Any modification or waiver of any provision of this DDA must be in writing and signed by a Person having authority to do so, on behalf of both the Authority and Developer. Material Modifications to this DDA shall require the approval of the Board of Supervisors, which the Board of Supervisors may give or withhold in its sole and absolute discretion.

28.33 Relationship of the Parties. The Authority is not, and none of the provisions in this DDA shall be deemed to render the Authority, a partner in Developer's or any Vertical Developer's business, or a joint venturer or member in any joint enterprise with Developer or any Vertical Developer. No Party shall have the right to act as the agent of any other Party in any respect hereunder.

28.34 ENA. After the Reference Date and before the expiration or termination of the ENA in accordance with its terms, in the event of a conflict between the ENA and this DDA, the provisions of this DDA shall prevail. Notwithstanding the foregoing, with respect to conflicts between the DDA and the ENA relating to Authority's Transaction Costs as defined in the ENA as further described in Section 3.2(b) thereof, the terms of Section 3.2(b) of the ENA shall control.

28.35 Plans on Record with Authority. The most recent versions of the Exhibits to this DDA, as such Exhibits may be amended or supplemented from time to time in accordance with this DDA or the terms of such Exhibits, shall not be required to be recorded but shall be kept on file with the Authority. In addition, as of the Reference Date the Proforma is on file with the Authority and upon each submittal of a Major Phase Application and Sub-Phase Application in accordance with the DRDAP, the updated Proforma as Approved by Developer and the Authority shall be similarly kept on file with the Authority. The Authority Director and Developer shall update or supplement the Schedule of Performance from time to time to reflect changes to the same as permitted in this DDA. Full color copies of all recorded documents are also on file with the Authority. All documents on file with the Authority shall be made available to members of the public at reasonable times in keeping with the Authority's standard practices.

28.36 Notice of Termination. In the event of any termination of this DDA in whole or in part in accordance with the terms of this DDA, the terminating Party shall provide the other Parties and any applicable Mortgagee with a copy of any proposed Notice of Termination at least fifteen (15) days before recording the same. After the expiration of such fifteen (15) days, the terminating Party may cause the Title Company to record such Notice of Termination in the Official Records. Any "**Notice of Termination**" shall be in recordable form and describe the portion of the Project Site to which such termination pertains. Following the recordation of any Notice of Termination, the terminating Party shall promptly provide a conformed copy of such recorded Notice of Termination to the Authority, Developer, and any applicable Mortgagee, and any applicable Vertical Developer. The recordation of a Notice of

Termination shall not affect in any manner the rights of the Authority, Developer, or any applicable Mortgagee, or Vertical Developer to contest the terminating Party's right to cause such recordation.

28.37 Developer Termination Rights. Developer shall have the right to terminate this DDA, together with the ENA, if a lawsuit is initiated to challenge the Authority's approval of this DDA or the Project, and Developer elects to not continue to reimburse the Authority for all of Authority's Costs and City Costs relating to such lawsuit; provided that any such termination shall not release Developer for the Authority's Costs and City Costs (including any attorney's fees that may be awarded to the initiator of the lawsuit) for the period before such termination.

28.38 Execution of Certain Attachments and Exhibits. The Parties acknowledge and agree that as of the Reference Date Attachment 1 (Public Trust Exchange Agreement), Attachment 2 (Conveyance Agreement) and Exhibit Q (Pre-Approved Arbiters List), Exhibit T (Auction Bidder Selection Guidelines for Commercial Lots), Exhibit U (Qualified Appraisal Pool), Exhibit V (Appraisal Instructions by Appropriate Product Type), Exhibit W (Auction Bidder Selection Guidelines for Residential Auction Lots) and Exhibit X (Guidelines for Residential Auction Lots), have not been completed and, in certain cases, Approved by the applicable Governmental Entities or executed and delivered by the Parties thereto. Accordingly, the Parties have attached drafts of such Attachments and Exhibits. Upon completion or Approval of such Attachments and Exhibits, Developer and the Authority shall substitute the final Attachments and Exhibits for such drafts and confirm such substitution in writing. Upon completion, Exhibit H (Approved Vertical DDA Form), Exhibit I (Approved Vertical LDDA Form) and Exhibit M (Ground Lease) shall be appended to this Agreement in accordance with Section 4.1 hereof and Developer and the Authority shall confirm such addition in writing.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Authority and Developer have each caused this DDA to be duly executed on its behalf as of the Reference Date.

"AUTHORITY"

TREASURE ISLAND DEVELOPMENT AUTHORITY,
a California non-profit public benefit corporation

By: _____
Name: Rich Hillis
Its: Treasure Island Project Director

Approved as to form:

DENNIS J. HERRERA,
City Attorney

By: _____
Name: Eileen M. Malley
Deputy City Attorney

Authorized by Authority Resolution No. 11-18-04/21
adopted April 21, 2011

Authorized by Board of Supervisors Resolution No. 241-11
Adopted June 7, 2011

"DEVELOPER" AND "MASTER DEVELOPER"

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC,
a California limited liability company

By: UST Lennar HW Scala SF Joint Venture,
a Delaware general partnership
its co-Managing Member

By: _____
Name: Kofi Bonner
Its: Authorized Representative

IN WITNESS WHEREOF, the Authority and Developer have each caused this DDA to be duly executed on its behalf as of the Reference Date.

"AUTHORITY"

TREASURE ISLAND DEVELOPMENT AUTHORITY,
a California non-profit public benefit corporation

By:_____
Name: Rich Hillis
Its: Treasure Island Project Director

Approved as to form:

DENNIS J. HERRERA,
City Attorney

By: _____
Name: _____
Deputy City Attorney

Authorized by Authority Resolution No. 11-18-04/21
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Adopted June 7, 2011

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TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC,
a California limited liability company

By: UST Lennar HW Scala SF Joint Venture,
a Delaware general partnership
its co-Managing Member

By: _____
Name: Kofi Bonner
Its: Authorized Representative

By: KSWM Treasure Island, LLC,
a California limited liability company
its co-Managing Member

By: WMS Treasure Island Development I, LLC,
a Delaware limited liability company
its Member

By: Wilson Meany Sullivan LLC,
a California limited liability company
its Sole Member and Manager

By: _____
Name: Christopher Meany
Title: Managing Member

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

On June 29, 2011, before me, Christine M. Silva, Notary Public, personally appeared Rich Hillis, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Christine M Silva

Notary Public



(Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of San Francisco

On June 28, 2011 (Date) before me, Michael J. P. Mercado (Here Insert Name and Title of the Officer),

personally appeared Kofi Sampaney Bonner (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.

MICHAEL J.P. MERCADO
Commission # 1914059
Notary Public - California
San Francisco County
My Comm. Expires Nov 21, 2014

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

WITNESS my hand and official seal.

Signature: _____ (Signature of Notary Public)

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Individual

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Individual

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

On June 28, 2011, before me, Jane Robertson, Notary Public, personally appeared Christopher Meany, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Jane Robertson
Notary Public



(Seal)

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE
2020 W. El Camino Avenue, Suite 670
Sacramento, CA 95833
(916) 263-2771
www.hcd.ca.gov

October 5, 2021

MEMORANDUM FOR: HCD Pipeline Project Sponsors

FROM: Jennifer Seeger, Deputy Director
Division of State Financial Assistance

SUBJECT: **California Housing Accelerator**
Project Solicitation (Amended) – Tier I

The California Department of Housing and Community Development (Department or HCD) is announcing the availability of approximately $1.6 billion in California Housing Accelerator money for the purposes of supporting shovel-ready projects that, despite having received one or more awards from other HCD programs, are unable to move forward due to funding gaps that resulted from their inability to access tax-exempt bond allocations or low-income housing tax credits.

This project solicitation represents the first of two California Housing Accelerator solicitations. This solicitation is for projects prioritized as Tier I based on the criteria outlined below. It is the Department's intent to issue the Tier II Project Solicitation as soon as Tier I applications are processed and Tier I funding levels are finalized. Priorities for Tier II are currently under development and funding priorities for Tier II will be based on the outcomes of Tier I funding.

Background

A substantial share of the funding for HCD projects has traditionally been provided by equity raised from the sale of low-income housing tax credits, especially 4% tax credits. Due to various factors, these tax credits are now in short supply, which has delayed a number of shovel-ready projects with HCD awards. The purpose of the California Housing Accelerator is to enable these projects to quickly begin construction.

Funding available under this project solicitation is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF), established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2). Through the 2021–22 California state budget, the funds have been allocated to this program. The mechanism for accessing them is the same as for other federal programs; no bond sale or similar financial arrangements are involved.

Eligibility

Eligibility under this project solicitation is limited to HCD Pipeline Projects that meet the criteria for Tier I prioritization.

Specifically, Tier I projects must demonstrate:

- an award, issued on or after January 1, 2018, from at least one of the specified HCD multifamily housing programs,
- submittal of a CDLAC-TCAC Joint Application on or before July 1, 2021 which was unsuccessful in securing an allocation of bonds and tax credits, and
- evidence that, with a California Housing Accelerator award, the project will have complete financing and all entitlement approvals necessary to start construction within 180 days of award.

The Department has developed a list of the projects eligible for California Housing Accelerator funding. This list includes projects that potentially qualify under Tier I. This list, known as the "Multifamily Pipeline Tracker," is available on the Department's California Housing Accelerator webpage. Sponsors with concerns or questions about the information on this list should notify the Department at accelerator@hcd.ca.gov. The Department reserves the right to verify eligibility for California Housing Accelerator funding and for Tier I prioritization at the time of application.

Application Submittal and Award Timeframes

Tier I applications will be accepted via the Department's online application portal beginning October 5, 2021. Applications for Tier I will be accepted on an over-the-counter basis through November 3, 2021.

All application materials for Tier I projects **must be submitted electronically** via the application portal on the Department's website no later than **5:00 p.m. Pacific Standard Time on November 3, 2021.** Specific submittal instructions will be included in the application form, which is expected to be available on the website no later than September 30, 2021. Personal deliveries will not be accepted. No facsimiles, late submittals, incomplete applications, application revisions, courier deliveries, or walk-in application packages will be accepted.

Webinar and Technical Assistance

The Department will conduct an online application workshop. The California Housing Accelerator application and online workshop details will be posted on the Department's website accelerator.hcd.ca.gov. If you have any questions, please email accelerator@hcd.ca.gov.

Enclosure

CALIFORNIA HOUSING ACCELERATOR

TIER I

PROJECT SOLICITATION AND GUIDELINES

Gavin Newsom, Governor
State of California

Lourdes M. Castro Ramírez, Secretary
Business, Consumer Services and Housing Agency

Gustavo Velasquez, Director
California Department of Housing and Community Development

2020 West El Camino Avenue, Suite 150, Sacramento, CA 95833
Telephone: 916-263-2771
Website: accelerator.hcd.ca.gov
Email: accelerator@hcd.ca.gov

October 5, 2021

Table of Contents

I. Overview 1

A. Funding Available 1

B. Tier I Timeline 1

C. Authorizing Legislation and Applicable Law 1

II. Program Requirements 2

A. Eligible Project 2

B. Eligible Applicants 3

C. Eligible Uses of Funds 3

D. Threshold Application Requirements 4

E. Funding Amounts and Terms 4

III. Other State and Federal Requirements 11

A. Article XXXIV **11**

B. Prevailing Wages **11**

C. Environmental Review **11**

D. Relocation **11**

E. Accessibility and Non-Discrimination **12**

F. Insurance Requirements **13**

IV. Appeals 13

A. Basis of appeals 13

B. Appeal process and deadlines 13

V. Award announcements and contracts 14

A. Award announcements 14

B. Disclosure of Application 14

VI. Other Terms and Conditions 14

A. Conflicts 14

VII. Definitions 14

I. Overview

A. Funding Available

The California Department of Housing and Community Development (Department or HCD) is announcing the California Housing Accelerator, which will make approximately $1.6 billion available to shovel-ready projects that, despite having received one or more awards from other HCD programs, are unable to move forward due to funding gaps that resulted from their inability to access tax-exempt bond allocations or low-income housing tax credits.

Funding available under this project solicitation is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF), established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2). Through the 2021-22 California state budget, the funds have been allocated to this program.

B. Tier I Timeline

This project solicitation represents the first of two California Housing Accelerator project solicitations. This project solicitation is for projects prioritized as Tier I based on criteria outlined below. Priorities for Tier II are currently under development. It is the Department's intent to issue the Tier II solicitation as soon as Tier I applications are processed and Tier I funding levels finalized.

Tier I Timeline	
Project Solicitation Release	October 5, 2021
Application Release	October 5, 2021
Application O-T-C Period	October 5 to November 3, 2021
Award Announcements	Continuously as applications are approved, but no later than December 6, 2021
Funds encumbered through an executed Standard Agreement	No later than June 30, 2024
Permanent Loan Conversion	No later than November 30, 2026

C. Authorizing Legislation and Applicable Law

Assembly Bill No. 140 (Chapter 111, Statutes of 2021), which was signed by Governor Newsom on July 19, 2021, created the statutory basis for the California Housing Accelerator by adding Chapter 6.6 (commencing with Section 50672) to Part 2 of Division 31 of the Health and Safety Code.

Health and Safety Code section 50672.3 states, "In order to expedite the development of qualified rental housing developments that are ready to proceed to construction except for obtaining tax credit or bond allocations from the California Tax Credit Allocation Committee and the California Debt Limit Allocation

Committee, the department may adopt guidelines to administer this chapter. Guidelines adopted pursuant to this chapter shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code)."

This project solicitation serves as the Department's guidelines for administration of the California Housing Accelerator. As such, the project solicitation and guidelines (collectively, Project Solicitation) establish the terms, conditions, forms, procedures, and other mechanisms that the Department deems necessary to exercise its powers and to perform its duties pursuant to the California Housing Accelerator. The matters set forth herein are regulatory mandates and are adopted as regulations that have the dignity of statutes. (*Ramirez v. Yosemite Water Company, Inc.* (1999) 20 Cal.4th 785, 799 [85 Cal.Rptr.2d 844].)

Any California Housing Accelerator awards will tie into the Existing HCD Commitment. Therefore, the regulations, guidelines, and other terms of the Existing HCD Commitment shall govern the Project's recorded regulatory agreement and other loan documents. California Housing Accelerator-specific terms, conditions, and restrictions will be expressly incorporated into the Existing HCD Commitment's loan documents. California Housing Accelerator-specific terms and conditions will be memorialized in either a separate Standard Agreement or in the Standard Agreement for the Existing HCD Commitment.

The Department will only amend this Project Solicitation as necessary and in accordance with the Department's guideline authority pursuant to Health and Safety Code section 50672.3.

II. Program Requirements

A. Eligible Project

1. To be eligible for a California Housing Accelerator Tier I award, the Project must have received an award letter from a multifamily housing program administered by the Department no earlier than January 1, 2018, and the award must not have expired, been terminated, or disencumbered, or been otherwise held to be void.

2. Qualifying HCD funding programs include the following:
   - Affordable Housing and Sustainable Communities Program
   - Community Development Block Grant Program – Disaster Recovery
   - HOME Investment Partnerships Program
   - Housing for a Healthy California Program
   - Infill Incentive Grant Program of 2007 (with an Existing HCD Commitment to a Qualifying Infill Project)
   - Infill Infrastructure Grant Program of 2019 (with an Existing HCD Commitment to a Qualifying Infill Project)
   - Joe Serna, Jr. Farmworker Housing Grant Program
   - Multifamily Housing Program

- National Housing Trust Fund
- No Place Like Home Program
- Supportive Housing Multifamily Housing Program
- Transit-Oriented Development Implementation Program
- Veterans Housing and Homelessness Prevention Program

Community Development Block Grant-Disaster Recovery (CDBG-DR) projects must have received a notice to proceed or conditional approval from HCD to be eligible for Tier I.

HCD assistance to a Qualifying Infill Area (QIA) under the Infill Incentive Grant Program of 2007 or the Infill Infrastructure Grant Program of 2019 does not, by itself, qualify a housing development within the QIA for California Housing Accelerator funding. Rather, a qualifying housing development within the QIA must meet the California Housing Accelerator's definition of a Qualified Rental Housing Development.

No Place Like Home projects funded directly by Alternative Process Counties do not qualify for an award under the California Housing Accelerator, unless they have an award from another qualifying HCD program.

3. The Applicant must have submitted a CDLAC-TCAC Joint Application, no later than July 1, 2021, and been denied. Applicants that have received and returned an allocation, or otherwise withdrew an application recommended for an allocation, are not eligible for an award under this Project Solicitation unless a subsequent application was submitted by July 1, 2021 that was unsuccessful.

B. Eligible Applicants

All California Housing Accelerator applications must be submitted by and include all Sponsors in connection with the Existing HCD Commitment. However, where there is a public agency co-Sponsor, the application may be submitted solely by the public agency's co-Sponsor(s), provided that the public agency agrees to become a co-Sponsor prior to construction loan closing by executing the Standard Agreement as a co-Sponsor.

C. Eligible Uses of Funds

California Housing Accelerator funds shall be used only for expenses that would be categorized as project costs by the federal low-income housing tax credit program, including, but not limited to, commercial costs and reasonable reserves. The Department reserves the right to disallow costs that do not constitute reasonable project costs, as determined by the Department in its sole and absolute discretion. The Department reserves the right, consistent with applicable law, to require prior written approval from the Department for all reserve withdrawals, whether the reserve was required by the Department or not.

D. Threshold Application Requirements

1. Demonstrate readiness to commence construction within 180 days of award. Applicants shall provide a written certification in their application, in form and substance satisfactory to the Department, confirming site control, entitlements, approved site plans, environmental clearances, and complete financing.

   For the purposes of the California Housing Accelerator, "commencement of construction" means the first land-disturbing activity associated with a project, including land preparation such as clearing, grading, and filling or the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building.

2. Submittal of the CDLAC-TCAC Joint Application prior to July 1, 2021.

3. Compliance with the requirements specified in this Project Solicitation.

4. Submittal of a complete California Housing Accelerator application, using unaltered application forms and including all required attachments.

5. Each private entity Applicant shall submit an authorizing resolution that, in the Department's reasonable determination, materially comports with the California Housing Accelerator requirements and is legally sufficient. In addition, each private entity Applicant shall submit a complete set of its organizational documents (and all amendments thereto).

   Please note that the Department will not approve a California Housing Accelerator Standard Agreement until it receives a complete set of authorizing and organizational documents from the Applicant, as specified. This set of documents shall also include, as applicable, a legally sufficient authorizing resolution from any public agency Applicant.

E. Funding Amounts and Terms

1. Funds Available

The maximum amount of California Housing Accelerator funds available under this Project Solicitation, and subsequent solicitations for future tiers, is approximately $1.6 billion.

Pursuant to Health and Safety Code section 50672.2, subdivision (a)(2), $50 million shall be awarded to Projects with an award letter from the Joe Serna, Jr. Farmworker Housing Grant Program. The Department will reserve $50 million to achieve the statutorily mandated set-aside.

2. Maximum Award Amount

The maximum award amount for each project will be calculated using formulas shown in the California Housing Accelerator application. It will be based on the

tax credit equity shown in the Applicant's most recent CDLAC-TCAC Joint Application for tax-exempt bonds and tax credits. This amount will be adjusted to reflect the following:

a. Changes in construction costs, as supported by the California Construction Cost Index (CCCI) published by the California Department of General Services;

b. Changes in financing costs, based on the Department's estimate of the typical net cost of substituting California Housing Accelerator funds and taxable financing for tax credit equity and tax-exempt financing;

c. The Department's estimate of the typical incremental costs of prevailing wages, where California Housing Accelerator funds are the sole trigger for prevailing wage obligations, as supported by a legal opinion in form and substance acceptable to the Department in its reasonable discretion.

The maximum amount will also be decreased to reflect any decrease in developer fee resulting from the California Housing Accelerator limit on developer fees.

3. Application Evaluation Process and Criteria

Requests for California Housing Accelerator funds will be limited to Tier I eligible projects meeting all threshold requirements.

4. Application Fee

Per Health and Safety Code section 50672.2, subdivision (d)(1), the Department has established an application fee of $40,000.00 per California Housing Accelerator application. This refundable fee aims to discourage project application submissions for projects that are not shovel-ready. The fee will be fully refunded if the project meets the California Housing Accelerator's 180-day deadline for commencement of construction, or if the project obtains a tax credit allocation prior to commencement of construction and the California Housing Accelerator funds are disencumbered.

Applicants shall provide the Department with a check made payable to "HCD" in the foregoing amount. Applications submitted without this fee will not be considered for review. All checks for application fees shall be sent to the address specified below:

Department of Housing & Community Development
Attn: Accounts Receivable
California Housing Accelerator Fee: [Project Name]
2020 W. El Camino Avenue, Suite 300 | Sacramento, CA 95833

5. Type of Assistance

For all projects, California Housing Accelerator assistance will be in the form of forgivable loans, with terms of zero percent interest for 20 years, with no residual receipts or periodic payment requirements during the life of the California Housing Accelerator loan.

The loan will be forgiven by the Department at the end of the 20-year loan term as long as all of the following are true, as determined by the Department in its sole and absolute discretion:

- the Sponsor remains in good standing with the California Secretary of State,
- the Project is not in default under the terms of any of the Department's loan documents for that project, and
- negative points have not been assessed against the Sponsor during the previous five (5) years in connection with any Department-assisted project.

The California Housing Accelerator loan shall be subject to repayment if, during the 20-year term, the Project is (1) converted to market rate housing; or (2) sold or refinanced with a distribution of net equity.

California Housing Accelerator funds will be disbursed through escrow at the time of the Project's permanent financing closing.

If a California Housing Accelerator Applicant receives a Tier I funding award and has a pending application with CDLAC and/or TCAC, and that application is thereafter recommended to receive bonds and/or tax credits, the California Housing Accelerator funds must be returned to the Department and will be reallocated as part of a subsequent Tier II Project Solicitation. If a California Housing Accelerator Applicant withdraws a pending application from CDLAC and/or TCAC prior to or after receiving an award of California Housing Accelerator funds, that Applicant will no longer be eligible for California Housing Accelerator funding.

6. Developer Fee Limits

Total developer fee for a Project shall not exceed the lesser of: (a) $2,200,000; or (b) the sum of 15% of the project's unadjusted residential construction-related eligible basis, 5% of the project's unadjusted acquisition eligible basis and 15% of the eligible basis for the project's nonresidential costs.

7. Restrictions on Future Tax Credit Applications and Syndicating Losses

All California Housing Accelerator Sponsors are prohibited from applying for or receiving a tax credit allocation on a California Housing Accelerator funded Project for a period of 20 years from the California Housing Accelerator loan closing date for that Project. This prohibition will be memorialized, as appropriate, in all California Housing Accelerator terms and conditions.

If, following a California Housing Accelerator application and award, a Sponsor syndicates and sells a portion of their ownership interest to a partner or equivalent party seeking tax losses associated with the project, and such syndication was not set forth in the California Housing Accelerator application, nine-tenths of the gross proceeds of that sale shall be remitted to the Department as recaptured California Housing Accelerator funds. Exceptions to this requirement may be granted by the Department where a Sponsor demonstrates that such syndication proceeds would either (i) pay for the lowest reasonable development cost increase that is consistent with the project's original scope as identified in the original HCD application, or (ii) capitalize a services reserve for special needs projects. The Department's written approval of these exceptions is required prior to assignment, transfer, or conveyance of any ownership interest in the project.

8. Commencement of Construction Deadline

All California Housing Accelerator awarded projects must commence construction no later than **180 days from the date of award**. For the purposes of the California Housing Accelerator, commencement of construction means the first land-disturbing activity associated with a project, including land preparation such as clearing, grading, and filling, or the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building. The Department may, in its sole and absolute discretion, extend this deadline due to conditions beyond the control of the Sponsor, for a period not to exceed 90 days.

Failure to meet the commencement of construction deadline, or any Department-approved extension, will result in the forfeiture of the application fee and the California Housing Accelerator award. Such failure will also cause the Department to assess negative points when scoring any future application by the Sponsor for Department funding, unless the Sponsor secures a CDLAC/TCAC allocation, and the California Housing Accelerator funds are disencumbered by the Department's deadline.

Within seven (7) months of award, the Sponsor shall submit documentary evidence to the Department that construction commenced within the statutory 180-day time period. If the Department extends the deadline for commencement of construction, as authorized, the Sponsor's deadline for submitting the foregoing documentary evidence shall be extended in the same increment as the extension for commencement of construction. Qualifying forms of documentary evidence include:

- Recordation of a notice of commencement,
- Date- and time-stamped photographs,
- Physical inspection report, or
- Other documentation subject to the approval of the Department.

Failure to submit qualifying documentary evidence within the specified timeframes may result in forfeiture of the application fee, forfeiture of the award,

and/or an assessment of negative points relative to any future application for Department funding.

9. Legal Documents

a. Standard Agreement

Upon the award of California Housing Accelerator funds to a project, the Department shall enter into one or more agreements with the Sponsor(s), including an STD 213, Standard Agreement, which shall encumber funds from the California Housing Accelerator, subject to specified conditions. The agreement or agreements shall include, but not be limited to, the following provisions:

i. A description of the approved Project and the permitted uses of funds;

ii. The amount and terms of the California Housing Accelerator loan;

iii. The income, occupancy, and rent restrictions to be imposed on the Project through a regulatory agreement recorded against the property of the Project;

iv. Performance milestones, and other progress metrics, governing the completion of the Project, along with the remedies available to the Department in the event of a failure to meet such milestones or metrics;

v. Special conditions imposed as part of the Department's approval of the Project;

vi. Terms and conditions required by federal and state law;

vii. Requirements for reporting to the Department;

viii. Remedies available to the Department in the event of a violation, breach, or default of the agreement; and

ix. Provisions regarding Sponsor liability. Specifically, the Sponsor will remain liable to the Department for compliance with and the performance of all California Housing Accelerator requirements regardless of any Department-approved transfer or assignment of interest. Likewise, each co-Sponsor will remain jointly and severally liable to the Department for compliance with and the performance of all California Housing Accelerator requirements regardless of any Department-approved transfer or assignment of interest.

The agreement will also include such other provisions as are necessary to ensure adherence to the objectives and requirements of the California Housing Accelerator.

b. Regulatory Restrictions and Loan Documentation

i. California Housing Accelerator terms, conditions, and restrictions will be expressly incorporated into the loan documents of the Existing HCD Commitment.

ii. The Department will append and incorporate an California Housing Accelerator exhibit into the Existing HCD Commitment's loan regulatory agreement to be recorded on the property. The exhibit will set forth the project's California Housing Accelerator-specific requirements, terms, and conditions. The exhibit will impose, for a 55-year period, the same income, occupancy, and rent restrictions that were represented in the Sponsor's most recent unsuccessful application to TCAC/CDLAC, and it will require the same service amenities that were represented in that application. The Department may, however, expressly approve alternative California Housing Accelerator restrictions and required service amenities for the purpose of maintaining consistency with the Existing HCD Commitment. The regulations, guidelines, and other terms of the Existing HCD Commitment shall govern the integrated regulatory agreement.

iii. California Housing Accelerator requirements, terms, and conditions will also be incorporated into the promissory note and deed of trust of the Existing HCD Commitment, as well as any other of the Existing HCD Commitment's loan documents, as necessary and appropriate. All such documents will be executed and recorded, as appropriate, at permanent financing close of escrow. For projects secured by leasehold security, leases must meet the requirements of UMR §8316, and both the borrower and the fee owner of the property must execute the Department's form template lease rider without modification. The lease rider amends the lease and must be recorded on the fee estate.

iv. Cross-Default. If, in connection with the California Housing Accelerator-funded Project, the Sponsor defaults in the performance or observance of any Department term, condition, or restriction during the term of any Department contract or regulatory period, and such default continues beyond any cure period provided with respect thereto, the Department will avail itself of any and all remedies available to it under any and all Department terms, conditions, restrictions, and agreements relative to the Project, to include those of the Existing HCD Commitment.

10. Reporting Requirements

In addition to the reports required in connection with the Existing HCD Commitment, Sponsor shall annually submit a report that details and certifies to the Department the following:

a. Project met all terms and conditions recorded in its regulatory agreement and any Department covenants;

b. no change in ownership or amendments to the organizational documents of the project has occurred during the reporting period;

c. no tax credits, tax-exempt bond funds, or federal grants or loans with interest rates below the applicable federal rate have been used in the project since it was placed-in-service;

d. services specified in the regulatory agreement were provided to the tenants during the reporting period; and

e. the Project met all the terms and conditions, and is not currently in default, of any lender financing to the Project.

In addition, the Sponsor shall report data on the households occupying the Project, including information on rents charged and project income and expenses, and shall provide information sufficient to determine whether any cash flow limitation in the Department's regulatory agreement has been met.

Sponsor shall also submit such other periodic reports as deemed necessary by the Department to monitor compliance with the regulatory agreement and all California Housing Accelerator requirements. Such reports include, without limitation, a schedule of rental income, in form and substance satisfactory to the Department. Sponsor shall also duly submit all information required by the U.S. Department of the Treasury, which administers the federal funds allocated to the California Housing Accelerator.

11. Defaults and Cancellations

In the event of a breach or violation by the Sponsor, the Department may give written notice to the Sponsor to cure the breach or violation. If the breach or violation is not cured to the satisfaction of the Department within a reasonable time period, the Department, at its option, may declare a default under the relevant document and may seek legal remedies for the default including the following:

a. The Department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation, the appointment of a receiver to complete the project in accordance with California Housing Accelerator requirements, or the commencement of foreclosure proceedings under the power of sale clause in the deed of trust; and

b. The Department may seek such other remedies as may be available under the relevant agreement, at law, or in equity.

III. Other State and Federal Requirements

A. Article XXXIV

Article XXXIV, section 1 of the California Constitution (Article XXXIV) is not applicable to development that consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys appropriated and disbursed pursuant to Chapter 6.6 (commencing with Section 50672) of Part 2 of Division 31 of the Health and Safety Code. (Health & Saf. Code, § 37001, subd. (h)(4).) As such, Article XXXIV is not applicable to California Housing Accelerator-funded projects.

B. Prevailing Wages

Applicant's contemplated use of California Housing Accelerator funds is subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Applicants are urged to seek professional legal advice about the law's requirements. Prior to disbursing the California Housing Accelerator funds, the Department will require a certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid (if such payment is required by law), and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by the general contractor(s) and all Project Sponsors.

C. Environmental Review

Guidance by the U.S. Department of the Treasury indicates that an environmental review under the National Environmental Policy Act (NEPA) is not required as a result of California Housing Accelerator funding. However, California Housing Accelerator projects may still be subject to NEPA review if they are also funded by other federal financial assistance programs.

The California Environmental Quality Act (CEQA) is still applicable to any award made under this program.

D. Relocation

Sponsor must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Sponsor must have a relocation plan prior to proceeding with any phase of a project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons or entities do not suffer a disproportionate impact as a result of projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law. In addition, before the California Housing Accelerator Standard Agreement will be executed, Sponsor must have either: (1) a Department-approved relocation plan; or (2) a Department-issued Certification Regarding Non-Application of Relocation Benefits and

Indemnification Agreement, which has been duly executed and approved by the Department. The Department will identify its submittal requirements for these relocation documents in the California Housing Accelerator application materials. Where the Sponsor's activities will or may result in displacement, the Sponsor's development budget shall include enough funds to pay all costs of relocation benefits and assistance. Any modifications to the foregoing process requirements must be approved in advance by the Department in writing.

E. Accessibility and Non-Discrimination

All projects must adhere to the accessibility requirements set forth in California Building Code (CBC) Chapter 11A and 11B, except as follows:

1. Instead of the minimum requirements established in 11B 233.3.1.1 and 11B 233.3.1.3, all new construction projects must provide a minimum of fifteen percent (15%) of the restricted units with mobility features, as defined in CBC 11B 809.2 through 11B 809.4, and a minimum of ten percent (10%) of the restricted units with communications features, as defined in CBC 11B 809.5.

2. Rehabilitation projects shall provide a minimum of ten percent (10%) of the restricted units with mobility features, as defined in CBC 11B 809.2 through 11B 809.4, and four percent (4%) with communications features, as defined in CBC 11B 809.5. The Department may approve a waiver of this requirement, provided that the Applicant and architect demonstrate that full compliance would be impractical or create an undue financial burden. All waivers must be approved in advance by the Department.

3. At least one of each common area facility type and amenity, as well as paths of travel between accessible units and such facilities and amenities, the building entry and public right of way, and the leasing office or area shall also be made accessible utilizing CBC Chapter 11(B) as a design standard.

Projects must also comply with the Americans with Disabilities Act of 1990 (ADA), Title II, and either the Uniform Federal Accessibility Standards (UFAS), Code of Federal Regulations (CFR) 24 CFR Part 8, or the U.S. Department of Housing and Urban Development's (HUD) modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, the Federal Register (F.R.) 79 F.R. 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the Project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Part 8.26.

Sponsors shall adopt a written non-discrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly

prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this Project Solicitation.

Sponsors shall comply with the requirements of the ADA of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code section 11135, Section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

F. Insurance Requirements

The Sponsor shall obtain, and maintain for the term of the loan, hazard and liability insurance for the project in accordance with the Department's requirements, including flood insurance, if applicable. The Department must be named as a loss payee or an additional insured on all such policies. Such policies must also provide for notice to the Department in the event of any lapse of coverage and in the event of any claim thereunder. Prior to disbursement of the California Housing Accelerator loan, the Sponsor shall provide evidence satisfactory to the Department of compliance with these insurance requirements.

IV. Appeals

A. Basis of appeals

1. Applicants may appeal the Department’s written determination that an application is incomplete, has failed threshold review, or has otherwise been determined to provide an insufficient basis for an award.

2. No Applicant shall have the right to appeal a decision of the Department relating to another Applicant’s application (e.g., eligibility, award).

3. The appeal process provided herein applies solely to decisions of the Department made pursuant to this Project Solicitation.

B. Appeal process and deadlines

1. **Process**. To file an appeal, Applicants must submit to the Department a written appeal, which sets forth all relevant facts, arguments, and evidence in support of the appeal. Appeals are to be submitted to the Department at accelerator@hcd.ca.gov.

2. **Filing Deadline**. Appeals must be received by the Department no later than five (5) business days from the date of the Department’s written determination regarding the subject application.

3. **Decision**. The requirements of this Project Solicitation and all other applicable law will govern the Department's determination. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department.

V. Award announcements and contracts

A. Award announcements

The Department intends to announce awards as individual projects are approved, but not later than December 6, 2021.

B. Disclosure of Application

The application is a public record and is subject to disclosure pursuant to the California Public Records Act (CPRA) (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code). After final California Housing Accelerator awards have been issued under this Project Solicitation, the Department may disclose any materials provided by the Applicant to any person making a request under the CPRA. The Department cautions Applicants to use discretion in providing information not specifically requested, including, but not limited to, bank account numbers, personal phone numbers, and home addresses. By volunteering such information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

VI. Other Terms and Conditions

A. Conflicts

In the event of any conflict between the terms of this Project Solicitation and applicable state or federal law, the terms of the applicable state or federal law shall control. By submitting a California Housing Accelerator application to the Department, Applicants acknowledge that they have read and obtained legal advice regarding this Project Solicitation and all applicable state and federal laws, and that they fully understand the requirements thereof.

VII. Definitions

Below are the definitions for purposes of the California Housing Accelerator:

"Applicant" means the entity or entities applying to the Department for California Housing Accelerator funding of their Qualified Rental Housing Development. Such entity or entities must also be the Sponsor of the Qualified Rental Housing Development, except as allowed under II.B. of this Project Solicitation. Upon receiving an award of California Housing Accelerator funds, the Applicant or co-Applicants will, both individually and collectively, be referred to as the "Sponsor" for purposes of this Project Solicitation.

“Area Median Income” means the most recent applicable county median family income, adjusted by household size, published by the California Tax Credit Allocation Committee.

"Department" or “HCD” means the California Department of Housing and Community Development.

“Existing HCD Commitment” means the existing commitment of Department funds to the Qualified Rental Housing Development, as well as the Department loan program making that commitment.

“Homeless Household” means a household that meets one of the (1) – (4) criteria set forth at California Code of Regulations, title 4, section 10315, subdivision (b), unless the Existing HCD Commitment is based on a different definition of this or a similar term, in which case the definition associated with the Existing HCD Commitment shall apply.

“Project” or “Rental Housing Development” means the following: (i) a “qualified low-income housing project,” as defined in Section 42(g) of the Internal Revenue Code (26 U.S.C § 42(g)); or (ii) a Qualifying Infill Project, as defined under the Infill Incentive Grant Program of 2007 or the Infill Infrastructure Grant Program of 2019, that meets the requirements of those programs.

“Qualified Rental Housing Development” is defined in accordance with Health and Safety Code section 50672.1, subdivision (e), and means a rental housing development that received an award letter from any multifamily housing program administered by the Department.

“Sponsor" is defined in accordance with Health and Safety Code sections 50675.2 and 50669. The Sponsor may comprise one or more entities, and it shall include the local public agency that agrees to become a co-Sponsor prior to construction loan closing by executing the Standard Agreement as a co-Sponsor. Such entities shall, in their individual and collective capacity as the “Sponsor,” be bound by the California Housing Accelerator Standard Agreement and each and every one of the California Housing Accelerator terms, conditions, and restrictions.

“UMR” means the Uniform Multifamily Regulations (Cal. Code Regs., tit. 25, § 8300 et seq.), effective November 15, 2017, and as subsequently amended.

California Housing Accelerator

Project Solicitation (Tier 1 - September 16, 2021)

Application

Rev. 10/4/21

State of California
Governor Gavin Newsom

Lourdes Castro Ramirez, Secretary
Business, Consumer Services and Housing Agency

Gustavo Velasquez, Director
Department of Housing and Community Development

2020 West El Camino Avenue, Suite 150
Sacramento, CA 95833
Phone (916) 263-2771
https://accelerator.hcd.ca.gov/
Email: accelerator@hcd.ca.gov

Overview - Project and Applicant Information

10/4/21

When opening this file, a yellow banner at the top may appear with a button that says "Enable Editing". It is essential that you click this box so that the macros are enabled. Enabling macros is necessary for full worksheet functionality. Macros may not work with Microsoft's Excel version for Apple Mac. Do not cut and paste data into the fields, manual entry only.

Project Name	Treasure Island Parcel C3.1			Accelerator Amount Requested	
		County	San Francisco	Max Loan Amount	$62,969,959
Address	78th Johnson Street (formerly 6th Street/Avenue C, San Francisco, CA 94130)	City	San Francisco	Zip	94130

APN #1	8905-003	APN #2		APN #3		APN #4		All Other APNs		Geographic Region (CDLAC)	Bay Area

If Project is also known under another Project name(s) or was formerly known under another name(s), enter the name(s).	N/A
Has the Project been awarded other HCD program funds?	Yes

	HCD Program Name that awarded Project Funding	Funding Amount	HCD Contract Number	Project Number	If award was from a city/county, enter jurisdiction
1		$13,753,000	19-AHSC-12785	N/A	San Francisco
2		$6,247,000	19-AHSC-12786	N/A	San Francisco
3					

File Name:	**HCD Project Rpt 1**	Final HCD signed/initialed Project Report	Uploaded to HCD?	Yes
File Name:	**HCD Project Rpt 2**	Final HCD signed/initialed Project Report	Uploaded to HCD?	
File Name:	**HCD Project Rpt 3**	Final HCD signed/initialed Project Report	Uploaded to HCD?	

Project's Rental Housing Development activity: New Construction

Describe the Project as of the last HCD award (include HCD Program making award, number of units, unit characteristics, subsidies, number of buildings, parking, sites, building style)

Treasure Island Parcel C3.1 is an affordable project developed by Mercy Housing and will replace existing Catholic Charities' supportive housing units, replace existing units for over-income households (not tax credit eligible), and develop new tax-credit units. At the time of the AHSC application in February 2019, Mercy Housing proposed to develop 135 total units, of these, 66 units were designated as supportive housing replacement units, and 23 units were set aside for over income households who lived on Treasure Island prior to the execution of the Deposition and Development Agreement ("DDA") between the City and County of San Francisco and Treasure Island Development Authority ("TIDA"), and the remaining units were tax credit eligible units. Of the 111-tax credit eligible units (not including the 1 manager unit) the project included 18 1-bds, 58 2-bds, 26 3-bds, 9 4-bds.
The project is located on the corner of C Avenue and the Seven Seas. The building included a 4-story structure on the East side and a 7-story building on the West side. The initial project proposed 32 parking spots and 70 bike spaces.
The affordability assumed units at 30%, 50%, 80%, and 100% TCAC AMI. Please see Unit Mix tab for the breakdown.

Describe all revisions to the Project since most recent HCD award (number of units, unit characteristics, subsidies, number of buildings, parking, sites, building style)

Design, Unit Mix and Target Population Changes Since Application
The project submitted an AHSC application during the Schematic Design phase. The team has since refined the design and is in the Construction Drawing phase. The updated unit count includes 138 from 135 units submitted in the AHSC application.

The building unit mix now includes 23 1-bds, 61 2-bds, 40 3-bds, and 14 4-bds. The updated project includes a reduction in parking spaces from 32 to 23 spots and an increase in bike spaces from 70 to 138 in accordance with planning code requirements.

The affordability levels have changed since the 2019 application, which assumed using the income averaging set-aside. With an intent to serve lower income families and meet changed rental market conditions, the project changed all units formerly set at 80% AMI to be at 60% AMI income restriction and underwritten with 50% AMI rents. The project now serves 71 formerly homeless families at 30% AMI, the same 23 over-income households that currently live on the island (these households are not included in the application and are regulated at 100% AMI), and units at 50% AMI. Full affordability comparison is

Previous and Pending Tax Credits Application

TCAC/CDLAC Application # (from the most recent TCAC/CDLAC application(s) submitted.)		CA-21-587	
Was the application withdrawn after being placed on recommendation list for award?	No	If yes, provide the application #s	
In response to an application, did the Project receive an allocation that was returned or not accepted?	No	If yes, provide the application #s	
Was the Project submitted as a single HCD application and then split into more than one TCAC/CDLAC application?	No	If yes, provide the application #s	

Is the Project "shovel ready" (able to obtain entitlements, site control, environmental and funding commitments in order to commence construction within 180 days of the Accelerator award). Yes

Applicant/Sponsor

Note: Sponsor is defined in Health and Safety Code sections 50675.2 and 50669, and may comprise of one or more entities. Sponsor is the entity having demonstrated prior experience in the development and ownership of affordable housing and having current capacity, including human and financial resources, which will have substantial and continuing control of the Rental Housing Development. Enter the name of the entity meeting this definition as Applicant/Sponsor #1 (Sponsor should be the same as the Sponsor for the existing HCD award).

Applicant/Sponsor #1

Entity name	Mercy Housing California					Applicant type	Non-profit Public Benefit Corporation				
Address	1256 Market Street				City	San Francisco		State	CA	Zip	94102
Auth Rep	Ramie Dare	Title	Vice President	Email	rdare@mercyhousing.org		Phone	415-355-7118			
Contact	Nabihah Azim	Title	Senior Project Manager	Email	nazim@mercyhousing.org		Phone	415-805-9445			
Address	1256 Market Street				City	San Francisco		State	CA	Zip	94102

File Name	**App1 Cert & Legal**	See Certifications & Legal worksheet.	Uploaded to HCD?	Yes
File Name	**App1 Resolution**	Signature required; see Organization Documents Tab	Uploaded to HCD?	Yes
File Name	**App1 Payee Data Record**	See Organization Documents Tab	Uploaded to HCD?	Yes
File Name	**App1 Cert of Good Standing**	Dated 30 days or less from the application due date.	Uploaded to HCD?	Yes
File Name	**App1 Tax-Exempt Status**	Evidence of tax-exempt status from IRS and from Franchise Tax Board	Uploaded to HCD?	Yes
File Name	**App1 OrgDoc1, OrgDoc2, etc…**	See Organization Documents Tab	Uploaded to HCD?	Yes
File Name	**App1 OrgChart**	See Organization Documents Tab	Uploaded to HCD?	Yes
File Name	**App1 Signature Block**	See Organization Documents Tab	Uploaded to HCD?	Yes
File Name	**App1 FISCAL TIN Form**	See Organization Documents Tab	Uploaded to HCD?	N/A

Applicant/Sponsor #2

Entity name	Tresasure Island Development Authority					Applicant type	Public Agency				
Address	One Avenue of the Palms, Suite 241				City	San Francisco		State	CA	Zip	94130
Auth Rep	Bob Beck	Title	Director	Email	bob.beck@sfgov.org		Phone	415-274-0662			
Contact	Bob Beck	Title	Director	Email	bob.beck@sfgov.org		Phone	415-274-0662			
Address	One Avenue of the Palms, Suite 241				City	San Francisco		State	CA	Zip	94130

File Name	**App2 Cert & Legal**	See Certifications & Legal worksheet.	Uploaded to HCD?	Yes
File Name	**App2 Resolution**	Signature required; see Organization Documents Tab.	Uploaded to HCD?	Yes
File Name	**App2 Payee Data Record**	See Organization Documents Tab	Uploaded to HCD?	N/A
File Name	**App2 Cert of Good Standing**	Dated 30 days or less from the application due date.	Uploaded to HCD?	N/A
File Name	**App2 Tax-Exempt Status**	Evidence of tax-exempt status from IRS and from Franchise Tax Board for Corporations.	Uploaded to HCD?	N/A
File Name	**App2 OrgDoc2, OrgDoc2, etc…**	See Organization Documents Tab	Uploaded to HCD?	N/A
File Name	**App2 OrgChart**	See Organization Documents Tab	Uploaded to HCD?	Yes
File Name	**App2 Signature Block**	See Organization Documents Tab	Uploaded to HCD?	Yes
File Name	**App2 FISCAL TIN Form**	See Organization Documents Tab	Uploaded to HCD?	Yes

Applicant/Sponsor #3

Entity name	N/A					Applicant type					
Address					City			State		Zip	
Auth Rep		Title		Email			Phone				

Overview - Project and Applicant Information								10/4/21
Contact		Title		Email		Phone		
Address		City		State		Zip		
File Name	**App3 Cert & Legal**	See Certifications & Legal worksheet.				Uploaded to HCD?		
File Name	**App3 Resolution**	Signature required; see Organization Documents Tab.				Uploaded to HCD?		
File Name	**App3 Payee Data Record**	See Organization Documents Tab				Uploaded to HCD?		
File Name	**App3 Cert of Good Standing**	Dated 30 days or less from the application due date.				Uploaded to HCD?		
File Name	**App3 Tax-Exempt Status**	Evidence of tax-exempt status from IRS and from Franchise Tax Board for Corporations.				Uploaded to HCD?		
File Name	**App3 OrgDoc2, OrgDoc2, etc…**	See Organization Documents Tab				Uploaded to HCD?		
File Name	**App3 OrgChart**	See Organization Documents Tab				Uploaded to HCD?		
File Name	**App3 Signature Block**	See Organization Documents Tab				Uploaded to HCD?		
File Name	**App3 FISCAL TIN Form**	See Organization Documents Tab				Uploaded to HCD?		

Borrower Contact Information

10/4/21

Owner/Borrower Entity

Legal name	Mercy Housing California 82 LP						Organization type	Limited Partnership			
Address	1256 Market Street				City	San Francisco	State	CA	Zip	94102	
Auth. Rep	Ramie Dare	Title	Vice President	Email	rdare@mercyhousing.org		Phone	415-255-7118			
Contact	Nabihah Azim	Title	Senior Project Manager	Email	nazim@mercyhousing.org		Phone	415-805-9445			
Address	1256 Market Street				City	San Francisco	State	CA	Zip	94102	
File Name	**Bwr Cert & Legal**	See Certifications & Legal worksheet.					Uploaded to HCD?	Yes			
File Name	**Bwr Resolution**	Signature required; see Organization Documents Tab.					Uploaded to HCD?	Yes			
File Name	**Bwr Payee Data Record**	See Organization Documents Tabt.					Uploaded to HCD?	Yes			
File Name	**Bwr Cert of Good Standing**	Dated 30 days or less from the application due date.					Uploaded to HCD?	Yes			
File Name	**Bwr Tax-Exempt Status**	Evidence of tax-exempt status from IRS and from FTB for (nonprofit corporations).					Uploaded to HCD?	Yes			
File Name	**Bwr OrgDoc1, OrgDoc2, etc.**	See Organization Documents Tab					Uploaded to HCD?	Yes			
File Name	**Bwr OrgChart**	See Organization Documents Tab					Uploaded to HCD?	Yes			
File Name	**Bwr Signature Block**	See Organization Documents Tab					Uploaded to HCD?	Yes			
File Name	**Bwr FISCAL TIN Form**	See Organization Documents Tab					Uploaded to HCD?	N/A			

Administrative General Partner 1

Legal name							Organization type				
Address					City		State		Zip		
Auth Rep		Title		Email			Phone				
Contact		Title		Email			Phone				
Address					City		State		Zip		
File Name	**AGP1 Cert & Legal**	See Certifications & Legal worksheet.					Uploaded to HCD?				
File Name	**AGP1 Resolution**	Signature required; see Organization Documents Tab.					Uploaded to HCD?				
File Name	**AGP1 Payee Data Record**	See Organization Documents Tab.					Uploaded to HCD?				
File Name	**AGP1 Cert of Good Standing**	Dated 30 days or less from the application due date.					Uploaded to HCD?				
File Name	**AGP1 Tax-Exempt Status**	Evidence of tax-exempt status from IRS and from FTB for Corporations.					Uploaded to HCD?				
File Name	**AGP1 OrgDoc1, OrgDoc2, etc.**	See Organization Documents Tab					Uploaded to HCD?				
File Name	**AGP1 OrgChart**	See Organization Documents Tab					Uploaded to HCD?				
File Name	**AGP1 Signature Block**	See Organization Documents Tab					Uploaded to HCD?				
File Name	**AGP1 FISCAL TIN Form**	See Organization Documents Tab					Uploaded to HCD?				

Administrative General Partner 2

Legal name							Organization type				
Address					City		State		Zip		
Auth Rep		Title		Email			Phone				
Contact		Title		Email			Phone				
Address					City		State		Zip		
File Name	**AGP2 Cert & Legal**	See Certifications & Legal worksheet.					Uploaded to HCD?				
File Name	**AGP2 Resolution**	Signature required; see Organization Documents Tab.					Uploaded to HCD?				
File Name	**AGP2 Payee Data Record**	See Organization Documents Tab.					Uploaded to HCD?				
File Name	**AGP2 Cert of Good Standing**	Dated 30 days or less from the application due date.					Uploaded to HCD?				
File Name	**AGP2 Tax-Exempt Status**	Evidence of tax-exempt status from IRS and from FTB for Corporations.					Uploaded to HCD?				
File Name	**AGP2 OrgDoc1, OrgDoc, etc.**	See Organization Documents Tab					Uploaded to HCD?				
File Name	**AGP2 OrgChart**	See Organization Documents Tab					Uploaded to HCD?				
File Name	**AGP2 Signature Block**	See Organization Documents Tab					Uploaded to HCD?				
File Name	**AGP2 FISCAL TIN Form**	See Organization Documents Tab					Uploaded to HCD?				

Managing General Partner

Legal name	Mercy Housing Calwest						Organization type	Non-profit Corporation			
Address	1256 Market Street				City	San Francisco	State	CA	Zip	94102	
Auth Rep	Barbara Gualco	Title	Vice President	Email	bgualco@mercyhousing.org		Phone	415-355-7118			
Contact	Nabihah Azim	Title	Senior Project Manager	Email	nazim@mercyhousing.org		Phone	415-805-9445			
Address	1256 Market Street				City	San Francisco	State	CA	Zip	94102	
File Name	**MGP Cert & Legal**	See Certifications & Legal worksheet.					Uploaded to HCD?	Yes			
File Name	**MGP Resolution**	Signature required; see Applicant Documents worksheet.					Uploaded to HCD?	Yes			
File Name	**MGP Payee Data Record**	See Organization Documents Tab.					Uploaded to HCD?	Yes			
File Name	**MGP Cert of Good Standing**	Dated 30 days or less from the application due date.					Uploaded to HCD?	Yes			
File Name	**MGP Tax-Exempt Status**	Evidence of tax-exempt status from IRS and from FTB for Corporations.					Uploaded to HCD?	Yes			
File Name	**MGP OrgDoc1, OrgDoc, etc.**	See Organization Documents Tab					Uploaded to HCD?	Yes			
File Name	**MGP OrgChart**	See Organization Documents Tab					Uploaded to HCD?	Yes			
File Name	**MGP Signature Block**	See Organization Documents Tab					Uploaded to HCD?	Yes			
File Name	**MGP FISCAL TIN Form**	See Organization Documents Tab					Uploaded to HCD?	N/A			

Financial Consultant

Legal name	Community Economics Inc.			Contact	Diana Downton		Email	diana@communityeconomics.org			
Phone	(510) 832-8300	Address	538 9th St		City	Oakland	State	CA	Zip	94607	

Borrower Legal Counsel

Legal name	Gubb & Barshay LLP			Contact	Evan Gross		Email	egross@gubbandbarshay.com			
Phone	(415)781-6600	Address	505 14th St #450		City	Oakland	State	CA	Zip	94612	

Additional Requirements Modeled on CDLAC & TCAC

Special Needs Occupancy Requirements

If the most recent CDLAC-TCAC application showed targeting a special needs population, Accelerator requires the same number of units targeting this population.

Does the CDLAC TCAC Joint Application show the project serving a special needs population?	Yes
If yes, specify the population(s) shown in the CDLAC/TCAC joint application: Around row 457, Tenant Population Data Table	Homeless/formerly homeless
Number of units:	71
Number of Homeless Units:	71

Service Amenities

Is the project subject to HCD approval of a supportive or resident services plan, as the result of funding another HCD program? **No**

If yes, include a copy of the HCD approved Supportive Services plan.

File Name:	Supportive Service Plan	Supportive Service Plan	Uploaded to HCD?	N/A

If no, the project must provide the service amenities shown in the most recent CDLAC-TCAC joint application.
Indicate below which ones these are:

(A) Yes **Service Coordinator.** Responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.).

Minimum ratio of 1 Full Time Equivalent (FTE) Service Coordinator to 600 bedrooms

No **Other Services Specialist.** Must provide individualized assistance, counseling and/or advocacy to tenants, such as to assist them to access education, secure employment, secure benefits, gain skills or improve health and wellness. Includes, but is not limited to: Vocational/Employment Counselor, ADL or Supported Living Specialist, Substance Abuse or Mental Health Counselor, Peer Counselor, Domestic Violence Counselor.

Minimum ratio of 1 FTE Services Specialist to 600 bedrooms

Yes **Instructor-led adult educational, health and wellness, or skill building classes.** Includes but is not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation, and smoking cessation classes. Drop-in computer labs, monitoring or technical assistance shall not qualify.

- No **Minimum of 84 hours instruction each year (42 hours for small developments of 20 units or less)**
- Yes **Minimum of 60 hours instruction each year (30 hours for small developments of 20 units or less)**

No **Health and wellness services and programs**. Such services and programs shall provide individualized support to tenants (not group classes) and need not be provided by licensed individuals or organizations. Includes, but is not limited to visiting nurses programs, intergenerational visiting programs, or senior companion programs.

- No **Minimum of 100 hours of services per year for each 100 bedrooms**
- No **Minimum of 60 hours of services per year for each 100 bedrooms**

No After school program for school age children. Includes, but is not limited to tutoring, mentoring, homework club, art and recreational activities. *(Only for large family projects or other projects in which at least 25% of Low-Income Units are 3 bedrooms or larger)*:

- No **Minimum of 10 hours per week, offered weekdays throughout the school year**
- No **Minimum of 6 hours per week, offered weekdays throughout the school year**

No **Licensed child care.** Shall be available 20 hours or more per week, Monday through Friday, to residents of the development. *(Only for large family projects or other projects in which at least 25% of Low-Income Units are 3 bedrooms or larger.)*

Yes **Case Manager.** Responsibilities must include (but are not limited to) working with tenants to develop and implement an individualized service plan, goal plan or independent living plan.

Minimum ratio of 1 Full Time Equivalent (FTE) Case Manager to 100 bedrooms

No **Health or behavioral health services** provided by appropriately-licensed organization or individual. Includes but is not limited to: health clinic, adult day health center, medication management services, mental health services and treatment, substance abuse services and treatment.

All projects must comply with the accessibility requirements specified in the 2021 TCAC regulations, as well as applicable federal requirements. Compliance will be verified at the time of permanent financing closing though a certification from either the project architect or a Certified Access Specialist (CASp) .

Sponsor hereby acknowledges that they will comply with the requirements indicated with a "Yes" selection below:

Yes All new construction projects shall adhere to the provisions of California Building Code (CBC) Chapter 11(B) regarding accessibility to privately owned housing made available for public use in all respects except as follows: instead of the minimum requirements established in 11B 233.3.1.1 and 11B 233.3.1.3, all new construction projects must provide a minimum of fifteen percent (15%) of the Restricted Units with mobility features, as defined in CBC 11B 809.2 through 11B 809.4, and a minimum of ten percent (10%) of the Restricted Units with communications features, as defined in CBC 11B 809.5. These units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project consistent with 24 CFR Section 8.26.

Rehabilitation projects shall provide a minimum of ten percent (10%) of the Restricted Units with mobility features, as defined in CBC 11B 809.2 through 11B 809.4, and four percent (4%) with communications features, as defined in CBC 11B 809.5. To the maximum extent feasible and subject to reasonable health and safety requirements, these units shall be distributed throughout the project consistent with 24 CFR Section 8.26. At least one of each common area facility type and amenity, as well as paths of travel between accessible units and such facilities and amenities, the building entry and public right of way, and the leasing office or area shall also be made accessible utilizing CBC Chapter 11(B) as a design standard. In all other respects, applicable building code will apply. Projects with particular federal, state, or local funding sources may be required to meet additional accessibility requirements related to these other sources. The Department will accept waivers approved by TCAC. If TCAC has not acted on a waiver request, the Department may also approve a waiver for a rehabilitation project, provided that the applicant and architect demonstrate that full compliance would be impractical or create an undue financial burden.

- Waiver approved by TCAC include waiver request and approval documentation.
- Waiver requested from TCAC but no action taken include waiver request.
- *Waiver requested from TCAC but denied. (The Department will not entertain a waiver request under these circumstances.)*

File Name:	Waiver Approved	waiver request and approved	Uploaded to HCD?	
File Name:	Waiver Request	waiver request	Uploaded to HCD?	

All new and existing Tax Credit projects with fully accessible units for occupancy by persons with mobility impairments or hearing, vision or other sensory impairments shall provide a preference for those units as follows. (A) First, to a current occupant of another unit of the same project having handicaps requiring the accessibility features of the vacant unit and occupying a unit not having such features, or if no such occupant exists, then (B) Second, to an eligible qualified applicant on the waiting list having a handicap requiring the accessibility features of the vacant unit. When offering an accessible unit to an applicant not having handicaps requiring the accessibility features of the unit, the owner or manager shall require the applicant to agree (and may incorporate this agreement in the lease) to move to a non-accessible unit when available. Owners and managers shall adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with handicaps, and shall take reasonable nondiscriminatory steps to maximize the utilization of such units by eligible individuals whose disability requires the accessibility features of the particular unit.

Yes

Projects must also comply with the Americans with Disabilities Act, Title II, and either the Uniform Federal Accessibility Standards (UFAS) standards, 24 C.F.R. Part 8, or HUD's modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 F.R. 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Part 8.26.

Yes

Development Sources of Funds

10/4/21

Construction Period Sources of Funds

	Funding Committed?	Source Name (listed in order of lien priority)	Source Type	Lien No.	TCAC/CDLAC App Residential Amount	TCAC/CDLAC App Commercial Amount	TCAC/CDLAC App Total Amount	Current Residential Amount	Current Commercial Amount	Current Total Amount	Current Interest Rate	Current Required Payment	Current Loan Term (months)	*Current Details of Deferred Costs	
														Amount	Description
1	Yes	Construction Loan	Private	1	$79,840,174		$79,840,174	$91,594,506		$91,594,506	3.50%		30	$1,210,000	Developer Fee
2	Yes	SF MOHCD Loan	Local	2	$32,594,529		$32,594,529	$25,226,084		$25,226,084	3.00%		660	$1,214,453	Reserves
3	Yes	SF MOHCD Loan - Accrued Deferr	Local		$1,068,280		$1,068,280	$826,781		$826,781				$15,000	Perm Loan Title/Costs
4	Yes	GP Equity	Private		$1,000		$1,000			$0					
5							$0			$0					
6							$0			$0					
7							$0			$0					
8							$0			$0					
9							$0			$0					
10							$0			$0					
11							$0			$0					
12							$0			$0					
13							$0			$0					
14							$0			$0					
15							$0			$0					
16							$0			$0					
17							$0			$0					
18							$0			$0					
19							$0			$0					
20		Deferred costs (detail at right)	Other		$4,506,725		$4,506,725			$0				$2,439,453	
21	Yes	Equity Investor TBD			$4,727,655		$4,727,655			$0					
			Totals		$122,738,363	$0	$122,738,363	$117,647,371	$0	$117,647,371		$0		$0	

Permanent Sources of Funds

	Funding Committed?	Source Name (listed in order of lien priority)	Source Type	Lien No.	TCAC/CDLAC App Residential Amount	TCAC/CDLAC App Commercial Amount	TCAC/CDLAC App Total Amount	Current Residential Amount	Current Commercial Amount	Current Total Amount	Current Interest Rate		Current Repayment Terms		Current Required Residential Debt Service	Current Required Commercial Debt Service
											Type	Rate	Type	Due in (yrs)		
1	Yes	Perm Loan - Tranche A	Private	1	$29,215,000		$29,215,000	$5,038,000		$5,038,000	Fixed for Term	5.02%	AWC	20	$305,886	
2	Yes	Perm Loan - Tranche B	Private	1	$0		$0	$12,273,000		$12,273,000	Fixed for Term	5.02%	FAM	15	$1,242,799	
3	Yes	SF MOHCD Loan	Local	2	$32,594,529		$32,594,529	$25,226,084		$25,226,084	Fixed for Term	3.00%	RR	55		
4	Yes	HCD - AHSC	State-HCD	3	$13,753,000		$13,753,000	$13,753,000		$13,753,000	Fixed for Term	3.00%	RR	55	$57,763	
5	Yes	GP Equity	Private		$1,000		$1,000	$0		$0						
6	Yes	Deferred Developer Fee	Other		$1,160,000		$1,160,000	$0		$0						
7	Yes	SF MOHCD Loan - Accrued Deferr	Local		$1,068,280		$1,068,280	$826,781		$826,781						
8							$0			$0						
9							$0			$0						
10							$0			$0						
11							$0			$0						
12							$0			$0						
13							$0			$0						
14							$0			$0						
15							$0			$0						
16							$0			$0						
17							$0			$0						
18							$0			$0						
19							$0			$0						
20		Deferred costs					$0			$0						
21	Yes	Equity Investor (cells H and I 50); Accelerator Requested Amount (cells K and L 50)			$44,946,554		$44,946,554	$62,969,959		$62,969,959	Fixed for Term	0.00%	DEF	20		
			Totals		$122,738,363	$0	$122,738,363	$120,086,824	$0	$120,086,824					$1,606,447	$0

Applicant comments: Include a description of balloon payments and unusual or extraordinary circumstances that have resulted in higher than expected project costs and provide a justification as to why these costs are reasonable.

Unit Mix

10/4/21

HCD PROGRAM			HCD PROGRAM			HCD PROGRAM			Unit Mix in most recent TCAC/CDLAC Application			Treasure Island Parcel C3.1 Proposed Unit Mix (most restrictive from all programs)					
Total Units	# of Bdmrs	Income limit (% of AMI)	Total Units	# of Bdmrs	Income limit (% of AMI)	Total Units	# of Bdmrs	Income limit (% of AMI)	Total Units	# of Bdmrs	Income limit (% of AMI)	Total Units	# of Bdmrs	Income limit (% of AMI)	# of Homeless Units	Total Restricted Units	Total Unrestricted Units
5	1	50% AMI			50% AMI				8	1	50% AMI	8	1	50% AMI		8	0
13	1	80% AMI		1	80% AMI				15	1	60% AMI	15	1	60% AMI		13	0
45	2	30% AMI		2	30% AMI				51	2	30% AMI	51	2	30% AMI	51	45	0
3	2	50% AMI		2	50% AMI				2	2	50% AMI	2	2	50% AMI		3	0
10	2	80% AMI		2	80% AMI				3	2	60% AMI	3	2	60% AMI		10	0
17	3	30% AMI		3	30% AMI				18	3	30% AMI	18	3	30% AMI	18	17	0
3	3	50% AMI		3	50% AMI				3	3	50% AMI	3	3	50% AMI		3	0
6	3	80% AMI		3	80% AMI				5	3	60% AMI	5	3	60% AMI		6	0
4	4	30% AMI		4	30% AMI				2	4	30% AMI	2	4	30% AMI	2	4	0
4	4	50% AMI		4	50% AMI				3	4	50% AMI	3	4	50% AMI		4	0
1	4	80% AMI		4	80% AMI				4	4	60% AMI	4	4	60% AMI		1	0
4	2	100% AMI		2	100% AMI				4	2	100% AMI	4	2	100% AMI		4	0
14	3	100% AMI		3	100% AMI				14	3	100% AMI	14	3	100% AMI		14	0
5	4	100% AMI		4	100% AMI				5	4	100% AMI	5	4	100% AMI		5	0
																0	0
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																0	0
																0	0
1	2	Manager			Manager			Manager	1	2	Manager	1		Manager		1	1
135			**0**			**0**			**138**			**138**			**71**	**138**	**1**

10/4/21	Development Budget in TCAC/CDLAC Application			Current Development Budget			Difference		
USES OF FUNDS	**Total Project Costs**	**Total Residential Sources/Costs**	**Total Commercial Sources/Costs**	**Total Project Costs**	**Total Residential Sources/Costs**	**Total Commercial Sources/Costs**	**Total Project Costs**	**Total Residential Sources/Costs**	**Total Commercial Sources/Costs**
Project Development Costs									
LAND COST/ACQUISITION									
Land Cost or Value	$0			$0			$0	$0	$0
Demolition	$0			$0			$0	$0	$0
Legal	$25,000	$25,000		$25,000	$25,000		$0	$0	$0
Land Lease Rent Prepayment	$0			$0			$0	$0	$0
Total Land Cost or Value	**$25,000**	**$25,000**	**$0**	**$25,000**	**$25,000**	**$0**	**$0**	**$0**	**$0**
Existing Improvements Cost or Value	$0			$0			$0	$0	$0
Off-Site Improvements	$0			$0			$0	$0	$0
Total Acquisition Cost	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Land Cost / Acquisition Cost	**$25,000**	**$25,000**	**$0**	**$25,000**	**$25,000**	**$0**	**$0**	**$0**	**$0**
Predevelopment Interest/Holding Cost	$198,500	$198,500		$198,500	$198,500		$0	$0	$0
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)	$0			$0			$0	$0	$0
Excess Purchase Price Over Appraisal	$0			$0			$0	$0	$0
REHABILITATION									
Site Work	$0			$0			$0	$0	$0
Structures	$0			$0			$0	$0	$0
General Requirements	$0			$0			$0	$0	$0
Contractor Overhead	$0			$0			$0	$0	$0
Contractor Profit	$0			$0			$0	$0	$0
Prevailing Wages	$0			$0			$0	$0	$0
General Liability Insurance	$0			$0			$0	$0	$0
Urban Greening	$0			$0			$0	$0	$0
Other Rehabilitation: (Specify)	$0			$0			$0	$0	$0
Other Rehabilitation: (Specify)	$0			$0			$0	$0	$0
Other Rehabilitation: (Specify)	$0			$0			$0	$0	$0
Total Rehabilitation Costs	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Relocation Expenses	**$0**			**$0**			**$0**	**$0**	**$0**
NEW CONSTRUCTION									
Site Work	$0			$0			$0	$0	$0
Structures	$86,534,500	$86,534,500		$84,701,499	$84,701,499		($1,833,001)	($1,833,001)	$0
General Requirements	$5,002,297	$5,002,297		$5,002,297	$5,002,297		$0	$0	$0
Contractor Overhead	$1,606,494	$1,606,494		$1,606,494	$1,606,494		$0	$0	$0
Contractor Profit	$1,606,494	$1,606,494		$1,606,494	$1,606,494		$0	$0	$0
Prevailing Wages	$0			$0			$0	$0	$0
General Liability Insurance	$1,970,641	$1,970,641		$1,970,641	$1,970,641		$0	$0	$0
Urban Greening	$0			$0			$0	$0	$0
Other New Construction: Construction Management	$170,000	$170,000		$170,000	$170,000		$0	$0	$0
Other New Construction: (Specify)	$0			$0			$0	$0	$0
Other New Construction: (Specify)	$0			$0			$0	$0	$0
Total New Construction Costs	**$96,890,426**	**$96,890,426**	**$0**	**$95,057,425**	**$95,057,425**	**$0**	**($1,833,001)**	**($1,833,001)**	**$0**
ARCHITECTURAL FEES									
Design	$3,656,562	$3,656,562		$3,893,970	$3,893,970		$237,408	$237,408	$0
Supervision	$0			$0			$0	$0	$0
Total Architectural Costs	**$3,656,562**	**$3,656,562**	**$0**	**$3,893,970**	**$3,893,970**	**$0**	**$237,408**	**$237,408**	**$0**
Total Survey & Engineering	**$405,656**	$405,656		**$707,191**	$707,191		**$301,535**	**$301,535**	**$0**
CONSTRUCTION INTEREST & FEES									
Construction Loan Interest	$3,618,142	$3,618,142		$4,514,846	$4,514,846		$896,704	$896,704	$0
Origination Fee	$798,402	$798,402		$915,945	$915,945		$117,543	$117,543	$0
Credit Enhancement/Application Fee	$0			$0			$0	$0	$0
Bond Premium	$0			$0			$0	$0	$0
Cost of Issuance	$741,728	$741,728		$0			($741,728)	($741,728)	$0
Title & Recording	$50,000	$50,000		$50,000	$50,000		$0	$0	$0
Taxes	$0	$0		$0			$0	$0	$0
Insurance	$980,000	$980,000		$980,000	$980,000		$0	$0	$0
Employment Reporting	$0			$0			$0	$0	$0
Other Construction Int. & Fees: Deferred Interest Soft Lenders	$1,068,280	$1,068,280		$826,781	$826,781		($241,499)	($241,499)	$0
Other Construction Int. & Fees: Soft Lender Fees: Costs	$0			$278,986	$278,986		$278,986	$278,986	$0
Other Construction Int. & Fees: Construction lender Fees and Costs	$0			$123,000	$123,000		$123,000	$123,000	$0
Other Construction Int. & Fees: (Specify)	$0			$0			$0	$0	$0
Total Construction Interest & Fees	**$7,256,553**	**$7,256,553**	**$0**	**$7,689,558**	**$7,689,558**	**$0**	**$433,005**	**$433,005**	**$0**
PERMANENT FINANCING									
Loan Origination Fee	$17,500	$17,500		$17,500	$17,500		$0	$0	$0

10/4/21	Development Budget in TCAC/CDLAC Application			Current Development Budget			Difference		
USES OF FUNDS	**Total Project Costs**	**Total Residential Sources/Costs**	**Total Commercial Sources/Costs**	**Total Project Costs**	**Total Residential Sources/Costs**	**Total Commercial Sources/Costs**	**Total Project Costs**	**Total Residential Sources/Costs**	**Total Commercial Sources/Costs**
Credit Enhancement/Application Fee	$0	$0		$0			$0	$0	$0
Title & Recording	$15,000	$15,000		$45,000	$45,000		$30,000	$30,000	$0
Taxes	$0			$0			$0	$0	$0
Insurance	$0			$0			$0	$0	$0
Other Perm. Financing Costs: Legal	$65,000	$65,000		$65,000	$65,000		$0	$0	$0
Other Perm. Financing Costs: (Specify)	$0			$0			$0	$0	$0
Other Perm. Financing Costs: (Specify)	$0			$0			$0	$0	$0
Other Perm. Financing Costs: (Specify)	$0			$0			$0	$0	$0
Total Permanent Financing Costs	**$97,500**	**$97,500**	**$0**	**$127,500**	**$127,500**	**$0**	**$30,000**	**$30,000**	**$0**
Subtotals Forward	**$108,530,197**	**$108,530,197**	**$0**	**$107,699,144**	**$107,699,144**	**$0**	**($831,053)**	**($831,053)**	**$0**
LEGAL FEES									
Legal Paid by Applicant	$35,000	$35,000		$40,000	$40,000		$5,000	$5,000	$0
Other Attorney Costs: (Specify)	$0			$0			$0	$0	$0
Other Attorney Costs: (Specify)	$0			$0			$0	$0	$0
Other Attorney Costs: (Specify)	$0			$0			$0	$0	$0
Total Attorney Costs	**$35,000**	**$35,000**	**$0**	**$40,000**	**$40,000**	**$0**	**$5,000**	**$5,000**	**$0**
RESERVES									
Operating Reserve	$1,871,724	$1,871,724		$1,214,453	$1,214,453		($657,271)	($657,271)	$0
Replacement Reserve	$0			$0			$0	$0	$0
Transition Reserve	$0			$0			$0	$0	$0
Rent Reserve	$0			$0			$0	$0	$0
Other Reserve Costs: (Specify)	$0			$0			$0	$0	$0
Other Reserve Costs: (Specify)	$0			$0			$0	$0	$0
Other Reserve Costs: (Specify)	$0			$0			$0	$0	$0
Total Reserve Costs	**$1,871,724**	**$1,871,724**	**$0**	**$1,214,453**	**$1,214,453**	**$0**	**($657,271)**	**($657,271)**	**$0**
CONTINGENCY COSTS									
Construction Hard Cost Contingency	$4,836,021	$4,836,021		$4,744,371	$4,744,371		($91,650)	($91,650)	$0
Soft Cost Contingency	$957,228	$957,228		$1,060,715	$1,060,715		$103,487	$103,487	$0
Total Contingency Costs	**$5,793,249**	**$5,793,249**	**$0**	**$5,805,086**	**$5,805,086**	**$0**	**$11,837**	**$11,837**	**$0**
OTHER PROJECT COSTS									
TCAC App/Allocation/Monitoring Fees	$107,054	$107,054		$2,000	$2,000		($105,054)	($105,054)	$0
Environmental Audit	$100,000	$100,000		$100,000	$100,000		$0	$0	$0
Local Development Impact Fees	$253,290	$253,290		$253,290	$253,290		$0	$0	$0
Permit Processing Fees	$1,355,200	$1,355,200		$1,355,200	$1,355,200		$0	$0	$0
Capital Fees	$0			$0			$0	$0	$0
Marketing	$350,000	$350,000		$720,000	$720,000		$370,000	$370,000	$0
Furnishings	$572,650	$572,650		$572,650	$572,650		$0	$0	$0
Market Study	$15,000	$15,000		$30,000	$30,000		$15,000	$15,000	$0
Accounting/Reimbursable	$0	$0		$25,000	$25,000		$25,000	$25,000	$0
Appraisal Costs	$15,000	$15,000		$15,000	$15,000		$0	$0	$0
Other Costs: (Syndication Consultant)	$0			$55,000	$55,000		$55,000	$55,000	$0
Other Costs: (Specify)	$0			$0			$0	$0	$0
Other Costs: (Specify)	$0			$0			$0	$0	$0
Other Costs: (Specify)	$0			$0			$0	$0	$0
Other Costs: (Specify)	$0			$0			$0	$0	$0
Other Costs: (Specify)	$0			$0			$0	$0	$0
Total Other Costs	**$2,768,194**	**$2,768,194**	**$0**	**$3,128,140**	**$3,128,140**	**$0**	**$359,946**	**$359,946**	**$0**
SUBTOTAL PROJECT COST	**$118,998,364**	**$118,998,364**	**$0**	**$117,886,823**	**$117,886,823**	**$0**	**($1,111,541)**	**($1,111,541)**	**$0**
DEVELOPER COSTS									
Developer Overhead/Profit	$3,740,000	$3,740,000		$2,200,000	$2,200,000		($1,540,000)	($1,540,000)	$0
Consultant/Processing Agent	$0			$0			$0	$0	$0
Project Administration	$0			$0			$0	$0	$0
Broker Fees Paid to a Related Party	$0			$0			$0	$0	$0
Construction Oversight by Developer	$0			$0			$0	$0	$0
Other Developer Costs: (Specify)	$0			$0			$0	$0	$0
Total Developer Costs	**$3,740,000**	**$3,740,000**	**$0**	**$2,200,000**	**$2,200,000**	**$0**	**($1,540,000)**	**($1,540,000)**	**$0**
Total Project Costs	**$122,738,364**	**$122,738,364**	**$0**	**$120,086,823**	**$120,086,823**	**$0**	**($2,651,541)**	**($2,651,541)**	**$0**

	A	B	C	D	E	F	G	H	I
1	HCD 2021 Accelerator Developer Fee Calculator (complete YELLOW shaded cells)								
2	Project Phase:		Origination		Proposed Project Type:	No Tax Credits			
3	Project Name:		Treasure Island Parcel C3.1						
12	**Maximum Total Developer Fee**								
13	**a.** Enter below Data from project's latest 4% CDLAC-TCAC application							**HCD Max Fee =**	**$2,200,000**
14	**b.** Project's Unadjusted Eligible **Construction-Related** Basis (excluding Developer Fee) - §10327(c)(2)(A)						$117,233,317	x 15% =	$17,584,998
15	**c.** Project's Unadjusted Eligible **Acquisition** Basis (excluding Developer Fee) - §10327(c)(2)(A)							x 5% =	$0
16	**d.** Project's Non-Residential Costs (excluding Developer Fee) - §10327(c)(2)(A)							x 15% =	$0
17	**e. Total**								**$17,584,998**
48	**d. Maximum allowable Total Developer Fee**								**$2,200,000**

Accelerator Maximum Loan Amount Calculation

Construction Cost Inflation Adjustment

*Cost Index figures from DGS website: https://www.dgs.ca.gov/RESD/Resources/Page-Content/Real-Estate-Services-Division-Resources-List-Folder/DGS-California-Construction-Cost-Index-CCCI

Most Recent CDLAC/ TCAC Application Year and Round	2021 Rd 2
Total Rehabilitation Costs + Total New Construction Costs per CDLAC-TCAC Application	$96,890,426
Inflation Adjustment Factor Until Construction Start	0.18993007
Construction Cost Inflation Adjustment Amount	**$18,402,405**

Prevailing Wage Adjustment

Was the budget in the most recent CDLAC-TCAC application based on paying prevailing wages pursuant to the California Labor Code?	Yes
If no, has your legal counsel opined that Accelerator funding would be the sole trigger for the legal obligation to pay prevailing wages?	

If yes to the previous question, attach an opinion letter from your counsel detailing the basis for their opinion.

Total Rehabilitation Costs + Total New Construction Costs per CDLAC-TCAC application + Inflation Adjustment Amount	$115,292,832
Prevailing Wage Adjustment Factor	0%
Prevailing Wage Adjustment Amount	**$0**

Construction Financing Adjustment

Tax Credit Equity per CDLAC-TCAC Application	$44,946,554
Adjustment Factor	2%
Construction Financing Adjustment Amount	$898,931

Developer Fee Adjustment

Total Developer Costs per CDLAC-TCAC Application	$3,740,000
Less: Deferred Developer Fee per CDLAC-TCAC Application	$1,160,000
Less: General Partner Equity per CDLAC-TCAC Application (only the equity amount that is a source for the Developer Costs)	$1,000
Developer Costs paid from development sources per CDLAC-TCAC Application ("cash out developer fee")	$2,579,000
Total Developer Costs from Accelerator Application	$2,200,000
Less: Deferred Developer Fee	$0
Less: General Partner Equity (only the equity amount that is a source for the Developer Costs)	
Accelerator Developer Costs paid from development sources	$2,200,000
Developer Fee Adjustment Amount	**-$379,000**

Maximum Loan Amount Calculation

Tax Credit Equity per CDLAC-TCAC App	$44,946,554
Plus: Sum of Adjustments	$18,023,405
Accelerator Maximum Loan Amount	**$62,969,959**

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, *Governor*
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE
2020 W. El Camino Avenue, Suite 670, 95833
P.O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771
accelerator.hcd.ca.gov

February 3, 2022

Ramie Dare, Vice President
Mercy Housing California
1256 Market Street
San Francisco, CA 94102

Robert P. Beck, Treasure Island Director
Treasure Island Development Authority
One Avenue of the Palms, Suite 241
San Francisco, CA 94130

Dear Ramie Dare and Robert P. Beck:

RE: Award Announcement – California Housing Accelerator
Project Solicitation, Tier 1
Mercy Housing California and Treasure Island Development Authority –
Treasure Island Parcel C3.1
Contract No. 21-ACC-17046

The California Department of Housing and Community Development (Department) is pleased to announce that Mercy Housing California and Treasure Island Development Authority (Awardees) have been awarded California Housing Accelerator (Accelerator) Tier 1 funds in an amount up to $55,601,514. These funds are made available through the Coronavirus State Fiscal Recovery Fund (CSFRF), established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2).

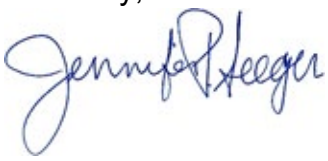
As stated in the October 5, 2021 Project Solicitation and Guidelines, construction of the project, meaning the first land-disturbing activity associated with a project, including land preparation such as clearing, grading, and filling, or the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building, must commence within 180 days of the date of this letter, which constitutes notice of the designation of Accelerator funds for the Awardee. If the project is unable to commence construction by this date, funds may be disencumbered and the sponsor will forfeit its application fee. Additionally, the project must complete permanent loan conversion no later than November 20, 2026.

The Department intends to issue a Standard Agreement within 90 days of receipt of any outstanding documentation required to execute this contract. A program representative will be in communication with you within a week to confirm any additional documents needed to prepare the Standard Agreement.

If a Standard Agreement is needed prior to 90 days to facilitate a planned construction closing date, please notify program staff immediately. Please note that the Department reserves the right to reduce the loan amount prior to issuance of the Standard Agreement, should the Department determine there is a supplantation of previously approved public funds or the Project is over-subsidized.

Congratulations on your successful application. We are excited to work with you on this new and innovative funding program. For further information, please contact Jim Claybaugh, Program Manager, Loan Closing Branch, at (916) 793-6109 or jim.claybaugh@hcd.ca.gov.

Sincerely,



Jennifer Seeger
Deputy Director
Division of State Financial Assistance

Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller's Office of Public Finance

Treasure Island Parcel C3.1
$33,452,317 Gap Loan
Inclusive of $1,250,000 AHP Bridge Loan and up to $5,000,000 TIDA IRFD Bridge Loan

Evaluation of Request for:	Gap Funding
Loan Committee Date:	March 18, 2022
Prepared By:	Cindy Heavens, Senior Project Manager
MOHCD Asset Manager:	TBD
Sources and Amounts of New Funds Recommended:	Up to $28,952,317 ERAF - $2,036,820 2019 GO Bond - $26,915,497
Sources and Amounts of Previous City Funds Committed:	$4,500,000 AHF Inclusionary - $3,500,000 CPMC Fund - $1,000,000
NOFA/PROGRAM/RFP:	Treasure Island
Applicant/Sponsor(s) Name:	Mercy Housing California

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Treasure Island Parcel C3.1	Sponsor(s):	Mercy Housing California
Project Address (w/ cross St):	Treasure Island Parcel C3.1, 78 Johnson Street	Ultimate Borrower Entity:	Mercy Housing California 82, LP

Project Summary:

This loan evaluation is a request for $33,452,317 in gap funds for Treasure Island Parcel C3.1, the second affordable development to begin construction on Treasure Island. Treasure Island is a master planned redevelopment project approved by the Board of Supervisors in June 2011 to build up to 8,000 total new and replacement units on Treasure Island and Yerba Buena Island. Treasure Island Parcel C3.1 is part of Major Phase 1 of the Treasure Island/Yerba Buena Island Redevelopment Plan. The affordable housing on Treasure Island Parcel C3.1 will be developed by Mercy Housing California ("Mercy").

The proposed affordable housing development on Treasure Island Parcel C3.1 (the "Project" and/or "TI-C3.1") includes 138 units consisting of 23 one-bedrooms, 60 two-bedrooms, 40 three-bedrooms, and 14 four-bedrooms plus one manager's unit. Seventy-one (71) of the units will be replacement units for Catholic Charities' One Treasure Island units supported by a Continuum of Care ("CoC") contract and 23 non-income restricted units (at initial occupancy and until all eligible households have received their benefit) for existing Treasure Island residents ("Legacy Household". The remaining 43 units will be new affordable lottery units with a preference for income qualifying Legacy Residents and Vested Residents currently living in market rate units on Treasure Island. The Project's area median incomes ("AMI") based on household size range from 30% California Tax Credit Allocation Committee ("TCAC") AMI up to 60% TCAC AMI in the DAHLIA lottery units and up to 100% TCAC AMI in the 23 Transition Units. (See definitions and chart showing City affordability restrictions and equivalent AMI's in Section 4.11 and 4.12).

In May 2021, Loan Committee approved a preliminary gap commitment of $33,662,810 to accompany a 2021 Round 2 bond application. Like other City developments, the Project was not awarded bond financing, but Mercy was informed in September 2021 that the project was designated as a Tier 1 project under the State's Housing Accelerator program ("Accelerator"), In February 2022, Treasure Island Parcel C3.1 was awarded Accelerator funds. In order hold general contractor pricing, the construction closing needs to occur by the first week in May 2022. If loan is recommended for approval, Mercy also plans to start construction in May 2022. The estimated construction completion date is March 2024.

Project Description:

Construction Type:	Type 1/Type 3/Type 5	Project Type:	New Construction
Number of Stories:	7	Lot Size (acres and sf):	1.14 acres / 49,497 sf
Number of Units:	138	Architect:	Paulett Taggart Architects (PTA)
Total Residential Area:	136,560 sf	General Contractor:	Nibbi Brothers
Total Commercial Area:	0 sf	Property Manager:	Mercy Housing Management Group
Total Building Area:	210,586 sf	Supervisor and District:	Matt Haney, D-6
Land Owner:	Treasure Island Development Authority ("TIDA")		
Total Development Cost (TDC):	$117,273,831	Total Acquisition Cost:	$25,000
TDC/unit:	$849,810	TDC less land/unit:	$849,629

Loan Amount Requested:	$28,952,317	Request Amount / unit:	$209,799
HOME Funds?	No	Parking? Yes, 25 spaces	or 0.20 parking ratio

PRINCIPAL DEVELOPMENT ISSUES

- **Affordability**. DAHLIA Lottery Units restricted at 60% TCAC AMI are underwritten at 55% City AMI rents for applicable bedroom size. Prior to the submission of the Accelerator application, Sponsor requested that the affordability restriction and rent on the 60% TCAC AMI units as submitted in the 2021 Round 2 application be changed to an affordability restriction and rents of 50% TCAC AM. Staff agreed to restrict the units to 60% TCAC AMI with rents at 55% City AMI since during the pandemic 60% TCAC AMI rent levels were essentially at market rate. While TI-C3.1 will begin marketing in fall of 2023, when hopefully the market will have returned to pre-pandemic levels, staff recommend keeping the affordability restriction at 60% TCAC AMI while underwriting at slightly lower rents. Prior to marketing the Sponsor must complete a market study to verify that rents can be at 60% TCAC AMI. See Sections 4.11, 4.12, 7.1, and 9.2.
- **Transition Unit Rents:** Transition Units are for Legacy Households and represent TIDA's transition obligation. Because the Legacy Household live in market rate units on Treasure Island, The Villages, residents in these units do not undergo annual certifications and the rents increase by only 1% a year. TIDA provided the rents of all Legacy and Vested Households, but does not know the incomes of these households. In this request, rents for the Transition Units are underwritten at the median rent of all Legacy and Vested Household, whereas in the preliminary gap request, the rents were assumed to be the low end of the range. Because this request assumes the slightly higher Transition Unit rents, the permanent mortgage has increased. See Sections 4.11, 4.12, 7.1.
- **City to replace CoC with Local Operating Subsidy Program ("LOSP") if CoC is not renewed**. Citibank agreed to provide a permanent loan based on actual rents collected and CoC rental subsidy. While MOHCD's affordable housing developments typically do not underwrite CoC rental subsidy as debt in new construction developments, because there are 71 (51%) CoC rental units in TI-C3.1, there is excess cash flow if debt is not underwritten on the CoC rental subsidies. TI-C3.1 had AHSC financing before the Accelerator funds, and with AHSC any excess cash flow would be shared with State HCD. Also, when the Project was planned as a tax-exempt bond project, the large amount of excess cash flow would not been allowed. For this reason and to not increase the City contribution to the project, HSH agreed that MOHCD may allow the Sponsor's lender to underwrite debt on CoC rental subsidy. CoC rental subsidy is only awarded in 3 year grants, unlike project based Section 8 or LOSP that is provided with longer terms, and the permanent lender, Citibank, will require a Memorandum of Understanding ("MOU") between the Borrower, HSH and MOHCD regarding replacing CoC with LOSP if COC is not renewed. See Section 6.5.1.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD/OCII	$2,000,000	3 yrs/mth @ 3% Def	Committed
MOHCD Predev 2	$2,500,000	3 yrs/mth @ 3% Def	Committed
Total	**$4,500,000**		

Permanent Sources	Amount	Terms	Status
MOHCD/OCII includes predevelopment funds	$33,452,317	55 yrs @ 3% / Res Rec	This Request
AHSC	$13,753,000	55 yrs @ 3% / Res Rec, 0.42% required debt payment	Committed
HCD Accelerator Funds	$55,601,514	20 yrs @ 0%	Committed
Perm Loan	$14,467,000	20 yrs @ 5.20% / Hard Debt	Committed
Total	**$117,273,831**		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	$25,000	$181	$0.12
Hard Costs	$98,295,567	$712,287	$510
Soft Costs	$16,753,264	$124,241	$87
Developer Fee	$2,200,000	$15,942	$11
Total	**$117,273,831**	**$851,260**	**$609**

RECOMMENDATION

Staff recommends approval of this loan.

1. BACKGROUND

1.1. Project History Leading to This Request.

For a summary of Treasure Island ("TI"), TIDA, Treasure Island Community Development LLC ("TICD"), One Treasure Island ("One TI") and Development Agreement history, see Attachment A.

Treasure Island Parcel C3.1 ("Project") is the second 100% affordable development to begin construction on TI. Treasure Island Parcel C3.1, a 138 unit development, is located at 78 Johnson Street (previously referred to as "6th Street at Avenue C"). TI-C3.1 is responsive to the Consolidated Plan in that its 138 affordable housing units contribute to the Regional Housing Needs Assessment ("RHNA") goals to produce 831 units, 619 low income units, and 728 moderate units by 2022.

This project first came before the Loan Committee in February 2019. At that time the Sponsor requested a $2MM predevelopment loan and a preliminary gap loan commitment for a State Housing and Community Development ("HCD") Affordable Housing and Sustainable Communities ("AHSC") loan application. In January 2021, the Loan Committee approved an additional $2.5MM in predevelopment in order for the Sponsor to achieve 90% construction drawings (CD's) and complete all predevelopment activities related to a construction closing, including applying for tax-exempt bonds, securing a lender and investor for the project that includes securing a lender on the Continuum of Care grant funds, and requesting an extension of the AHSC award. In May 2021, Loan Committee approved a preliminary gap commitment totaling $33,662,810 for Mercy to apply for tax-exempt bond financing in 2021 Round 2. Unfortunately, similar to other San Francisco developments, the Project was not awarded tax-exempt bond financing.

In September 2021, HCD awarded the highest priority to the Project under the Accelerator. This high designation, Tier 1, meant that the Project could receive funds from the Accelerator to replace tax credit equity since the Project did not receive an allocation in the 2021 second CDLAC funding round. HCD awarded the Project Accelerator funds in January 2022. In order to hold general contractor pricing that was received on February 25, 2022, the Sponsor must close the construction financing, including the City permanent loan, by the first week in May 2022. HCD requires that all Tier 1 awardees commence construction on or before August 2022.

1.2. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)

Catholic Charities, a One TI founding member and housing services provider and grantee named on the Continuum of Care ("CoC") contract,

selected Mercy as the developer to develop their One TI replacement units and new construction units. Catholic Charities, however, is not participating in the ownership entity of the Project, but they will be the service provider supporting the households in units with CoC subsidies.

In 2011, TICD received approvals for the master development of TI that included approximately 8,000 new residential units of which 435 new units are for homeless households that are to be developed by One TI member organizations. In 2011, the Board of Supervisors approved a new agreement with One TI outlining its participation in the development project via housing, economic development and support components and reflects the updated land use plan, development program, housing plan and financing plan described in the TICD Disposition and Development Agreement. The 2011 One TI Agreement explicitly states that TIDA will ground lease each One TI Lot to a selected One TI member organization approved by TIDA for the construction of One TI housing units. One TI has proposed and TIDA approves Mercy, as selected by Catholic Charities, as the One TI organization that will lease and develop Parcel C3.1.

The Amended and Restated Base Closure Homeless Assistance Agreement dated June 28, 2011 ("BCHA Agreement") outlines all TIDA obligations with respect to housing and services for One TI's current and formerly homeless individual and family residents. The BCHA Agreement also governs certain new housing, employment and economic development opportunities that are managed by One TI. The BCHA Agreement provides a strong basis for advancing MOHCD racial equity goals in the following ways:

- Advance opportunities and improve programmatic outcomes for Black, Brown and low-income residents;
- Expand opportunities for smaller, local nonprofit organizations, especially Black, Brown, Indigenous and other people of color (BIPOC), as well as BIPOC staff of all team members, to gain experience in housing development and leadership roles
- Implement programs in a manner that minimizes displacement and increases community agency and economic opportunity

See Exhibit A for a description of how TIDA implements these racial equity goals.

1.3. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

1.3.1. Borrower. Mercy Housing California 82, L.P., a California limited partnership, formed by parent entity Mercy Housing California to own, manage own and operate the Project.

1.3.2. Joint Venture Partnership. Not Applicable ("N/A").

1.3.3. Demographics of Board of Directors, Staff and People Served.

	Sexual Orientation	Gender Identity	Race
Mercy Housing California Board	Question not asked	M: 7 F: 11	Asian: 2 African American: 4 Caucasian: 9 Latinx: 2 Biracial: 1
Mercy Housing, Inc. Board	Question not asked	M: 10 F: 10	Asian: 1 African American: 3 Latinx: 1 Caucasian: 15
Mercy Housing, Inc. - All Staff	Question not asked	Female – 58% Male – 42%	2 or More Races – 3% American Indian/Alaska Native – 1% Asian – 11% Black or African American – 24% Hispanic or Latino – 22% Native Hawaiian/Other Pacific Islander – 1% Not specified – 1% White – 37%
Mercy Housing California - All Staff	Question not asked	Female – 57% Male – 43%	American Indian/Alaska Native – 1% Asian – 21% Black or African American – 17% Hispanic or Latino – 31% Native Hawaiian/Other Pacific Islander – 2% Not specified – 1% White – 22%
Mercy Housing California - Development Staff	Question not asked	Female – 50% Male – 50%	Asian – 20% Not specified – 20% White – 60%

1.3.4. Racial Equity Vision. In March 2021, Mercy Housing California released its draft of the Racial Equity, Diversity and Inclusion (REDI) organizational framework; the REDI organizational framework will consist of 6 focus areas:

1. Resident Empowerment
2. Policy, Planning, and Practice
3. Communication and Advocacy
4. Education and Training
5. People and Culture
6. Hiring, Recruitment and Promotion

1.3.5. Relevant Experience. Mercy has been part of the TI development as a founding member of One TI (formerly known as the Treasure Island Homeless Development Initiative) and the developer that rehabilitated 140 existing units on behalf of One TI service providers, including Catholic Charities, when access to the units was transferred from the Navy to TIDA in 1998. Mercy has been developing and owning affordable housing in San Francisco for 30 years. Mercy owns and operates 55 buildings that it developed in San Francisco for families, seniors, disabled, and formerly homeless households in San Francisco, including three properties in Mission Bay (1180 Fourth St,

Mission Creek Senior Housing and 691 China Basin, as well as one property in the nearby Transbay District (280 Beale). Mercy also has 4 additional properties under construction in San Francisco and 7 in pre-construction. For more information about Mercy's development experience, please see Attachment D.

1.3.6. Project Management Capacity. Nabihah Azim is the lead MHC Project Manager for Parcel C3.1 and will spend 40% FTE on the Project. Ms. Azim is supervised by Elizabeth Kuwada, who will spend 10% FTE. Nyla Hill is the Assistant Project Manager and will spend 25% FTE on the Project.

1.3.7. Past Performance.

1.3.7.1. City audits/performance plans. Mercy has no fiscal issues and is a strong performer from a large parent organization. On Derek Silva (GMS ID 160156-21), a property with Housing Opportunities for Persons with AIDS ("HOPWA") funds, Mercy has experienced significant staff turnover that has impacted Mercy's ability to invoice. MOHCD staff contacted Mercy senior management since there is no area director or property manager on Derek Silva as of January 28, 2022. Also, as of January 28, 2022, Mercy had not provided invoices for fiscal year beginning July 2021 through June 2022.

1.3.7.2. Marketing/lease-up/operations. There are no report cards at the writing of this loan request. Mercy is completing lease up of 290 Malosi, formerly known as Sunnydale HOPE SF Block 6, and MOHCD BMR/Marketing team has nothing to report at this time. However, the MOHCD BMR/Marketing team in November 2021 for 1939 Market reported that while Mercy performs well on recent marketing efforts, they tend to be understaffed. For this Project, with the complicated marketing due to multiple types of targeted households as discussed in Section 4.11, 4.12, and 4.13 of this loan evaluation, Mercy will evaluate the marketing staffing levels that are within the attached budget for overall feasibility.

In November 2021, Mercy reported that they have 4,217 units of affordable housing in San Francisco. The below chart represents the number of people currently living in Mercy-owned properties in San Francisco, disaggregated by race.

Race	Count o
Asian	2995
White	1385
Black or African American	1155
Other	1092
Member Did Not Specify	212
Native Hawaiian or Other Pacific Isl	173
American Indian or Alaska Native	154
Blank	10
	7176

Ethnicity	Count o
Not-Hispanic or Latino	5576
Hispanic or Latino	1383
Member did not specify	180
Blank	32
	7171

In November 2021, Mercy reported that there have been 5 evictions in Mercy's 4,217-unit portfolio. Mercy does not currently track move out reasons, including evictions, by race at this time.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	Parcel C3.1 is zoned Treasure Island Residential (TI-R), it has a 125' and 70' height limit along the eastern side of the block and a 40' height limit along the western side of the block, which may be exceeded up to 52 feet in certain circumstances.
Maximum units allowed by current zoning (N/A if rehab):	Max units per height limit is 138.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	The Geotechnical Conceptual Design Report for Treasure Island was completed on February 2, 2009. It describes soils comprised of 30-50 ft of sand fill and 20-120 ft of young bay mud, underlain by firmer soils. An island-wide geotechnical stabilization process is underway; see Section 2.3 below. Geotech improvements for C3.1 have been completed.
Environmental Review:	The Final EIR for the Treasure Island/Yerba Buena Island Redevelopment Project was certified on April 21, 2011. Finding of Suitability (in lieu of Phase I/II) was approved on February 15, 2006. A number of mitigations were identified and will be addressed outside of this project. MOHCD facilitated an Environmental Assessment on behalf of C3.1 and this was certified in October 2019. Phase I for Parcels C3.1 and C3.2 was completed on July 2, 2018. A site specific Phase 1 was completed for Parcel C3.1 dated December 15, 2020.

	NEPA for the CoC operating subsidy is required. The Authority to Grant Funds ("AUGF") was completed on January 20, 2020.
Adjacent uses (North):	Market rate housing will be located north of the proposed project.
Adjacent uses (South):	The Chinatown Community Development Center/ Swords to Plowshares development, Maceo May, is under construction on a parcel south of Parcel C3.2.
Adjacent uses (East):	The existing Job Corps project will remain in its current location east of the proposed project.
Adjacent uses (West):	Market rate housing will be located west of the Project, on the other side of the shared right-of-way. A greenway will separate the southern edge of the residential area from the bay.
Neighborhood Amenities within 0.5 miles:	Life Learning Academy, Treasure Island Child Development Center, chapel, San Francisco Fire Department (SFFD) fire station, San Francisco Department of Public Health Nurse Intervention Clinic (open twice a week).
Public Transportation within 0.5 miles:	SF Muni: 25 bus; new privately subsidized ferry service that commenced in February 2022 at new ferry terminal
Article 34:	Not exempt. MOHCD Article 34 was completed on January 28, 2019. Due to some changes in the number of affordable units and Continuum of Care units, staff submitted an updated request for determination in January 2022. Staff anticipates authorization letter to be received in mid-April 2022.
Article 38:	Not exempt: Project is in a Maher area.
Accessibility:	Project will provide at least 15% of tax credit eligible units as described in California Building Code ("CBC") 11B 809.2 through 11B 809.5 with mobility features and 10% of tax credit eligible units described in CBC 11B 809.5 for hearing and visual aid features. Adaptability requirements will be determined by the San Francisco Mayor's Office on Disability. Mobility, hearing, and visual aid features must be spread proportionally among all unit types in building.
Green Building:	While Treasure Island overall is projected to be the largest LEED Platinum Neighborhood Development in the U.S., each affordable parcel will achieve Green Point Rating of at least 125.
Recycled Water:	Not exempt (dual plumbing is required.)
Storm Water Management:	Storm Water Management improvements are being completed by the principle developer. No site-specific Storm Water Management Plan is required and will be developed.

2.1 Description. Treasure Island Parcel C3.1 is vacant land. Previously the site was occupied by The Star Barracks which housed formerly enlisted military personnel. Naval Station Treasure Island was decommissioned

in 1994, and the vacant Star Barracks were demolished in 2018 as part of the redevelopment plan for Treasure Island.

The site is in the Treasure Island neighborhood of San Francisco. Market rate housing will be located west and north of the proposed Project. A greenway will separate the southern edge of the residential area from the bay. Directly south of the site is an affordable housing project, Maceo May, that is currently under construction, developed by Chinatown Community Development Center and Swords to Plowshares. The existing commercial use Job Corps project will remain east of the Project.

As part of the first new construction projects on Treasure Island, Treasure Island Parcel C3.1 will be completed before many of the planned additional amenities become available. However, existing amenities including a grocery store, public health clinic, childcare center, place of worship, and Muni bus service are available today, and are used by over 500 existing resident households on Treasure Island. See Attachment A for all existing TI-wide amenities.

The grocery store is Island Cove Market located in the Navy Base Exchange Building. The closest public schools, Life Learning Academy and Treasure Island Child Development Center, are less than 1 mile from the site. The 25 bus line is located near the site and runs approximately every 15 minutes.

Upcoming planned amenities include ferry service to San Francisco that started in February 2022, expanded bus service, 207,000 square feet of retail development, and 302,000 square feet of commercial development.

2.2 Zoning. Zoning for Treasure Island is governed by the Treasure Island/Yerba Buena Island Special Use District, incorporated into the SF Planning Code, which established basic land use and development standards and establishes TIDA and the Planning Department as approval entities for any vertical development. This Special Use District (Planning Code 249.52) creates a new city neighborhood within a previous naval base by providing significant amounts of affordable housing, increased public access and open space, transportation improvements, extensive infrastructure improvements, and recreational and entertainment opportunities. A Design for Development (D4D) document approved by TIDA, the Board of Supervisors, and the Planning Department in 2011 offers detailed design standards and guidelines including building heights, massing, and setback benchmarks. Height zones focus the greatest density near transit, and aim to provide a comfortable pedestrian environment while crafting an attractive skyline that will be viewed from around the Bay Area. A Streetscape Master Plan offers detailed guidance on paving, street trees and planting, lighting, street furnishings, and parking. The site has a 125’ height limit along the majority of Avenue C then steps down to 70’ as it gets closer to the mid-block easement. The site also steps down to 40’ at the

pedestrian public way, with stoops and plants allowed to encourage street activity. The D4D also requires green systems such as solar thermal and solar panels, public neighborhood parks, efficient public transit, and a recycle water ("purple pipe) system. The building heights are regulated by the D4D Section 2 T4.2 requiring different building heights and massing fronting streets that are programmed with different modes of transportation.

For multifamily buildings, the D4D requires that at least 50% of the façade area facing onto a public right of way must be transparent for the first 35 feet above grade. However, this requirement is inconsistent with transparency standards in other Development Agreement projects and in the Planning Code, which encourage transparency at the ground floor or at pedestrian eye level. In September 2018, the Planning Department agreed to modify the Transparency Standard T5.4.2 to require that only 50% of the ground floor facing the public right-of-way be transparent, or alternatively, to require an average of 50% transparency between all of the facades facing a public right of way. The modified standard would apply to mixed-use buildings where the primary use of the building is multi-family residential, and non-residential uses are limited to the ground floor. Due to this determination, the project will not have to include additional glazing and can move forward with the current design that meets the common glazing standards of a typical affordable housing project.

2.3 Probable Maximum Loss ("PML")/Geotechnical Conditions. N/A for PML because the Project is new construction.

Geotechnical Conditions: Geotechnical studies for Parcel C3.1 are part of the TI geotechnical design. The geotechnical improvement program for TI has four primary components to be completed as part of principal developer's, TICD's, horizontal improvements, under TIDA's supervision. The four geotechnical components are:

1) Reconstruction of the causeway connecting Treasure Island and Yerba Buena Island.
2) Improvement of Island Perimeter.
3) Vibratory Compaction.
4) Surcharging.

For a detailed description of the geotechnical design for TI, please see Attachment A.

Surcharging is complete for Subphase 1, which includes Parcel C3.1, as are reconstruction of the causeway, improvements of the TI perimeter, and vibratory compaction. Utilities for all of Subphase 1 are scheduled for completion by 3rd Quarter 2022. Infrastructure for all of Subphase 1 is scheduled for completion in 3rd Quarter 2022.

For Parcel C3.1, the development team has consulted with Rockridge Geotechnical regarding the current design. The preliminary study finds that the Parcel C3.1 building can be constructed as planned. Engeo is monitoring work that the infrastructure contractor is doing in order to ensure that it meets Parcel C3.1's specifications and will provide TICD with reports that it has conducted work.

2.4 Local/Federal Environmental Review. The Final EIR for the Treasure Island/Yerba Buena Island Redevelopment Project, certified on April 21, 2011, was determined in compliance with local CEQA and State CEQA Guidelines. The EIR describes a number of mitigation measures which will need to be incorporated into the principal developer's horizontal improvements. The project was appealed under CEQA in May 2011, but the BOS voted in June 2011 unanimously to deny the appeal and uphold the CEQA determination.

The United States Navy issued an Environmental Impact Statement (EIS) in 2005 that analyzed the transfer of Treasure Island and Yerba Buena Island to TIDA, and analyzed the effects of constructing 2,000 units of housing. In 2008, the Navy issued a reevaluation of the proposed project using 6,000 units of housing. In 2011, the Navy issued a Supplemental Information Report (SIR) on the effects on traffic only of developing 8,000 units of housing.

Staff at MOHCD, with the assistance of HUD, has concluded an Environmental Impact Statement ("EIS") is not required. An additional Environmental Analysis, triggered by the CoC subsidy contract, has been completed and was certified in October 2019.

Sea level rise and flood plain conditions are issues of concern in the NEPA review of Treasure Island. Current mitigations are designed to prepare the island for 36" of sea level rise, the mid-range of projections of sea level rise by 2100. This will involve raising most of the perimeter of the island to a height that will accommodate three feet of sea level rise and the storm surge associated with a 100-year event without overtopping. The Finished Floor Elevation throughout the vertical development area will also be raised to an elevation three feet above the current 100' storm surge elevation.

A new Treasure Island Community Facilities District ("CFD")/Mello-Roos District was created to reimburse TICD for public infrastructure and to fund the maintenance of open space on the Island. A capital account will be created to address sea level rise adaptations and capital needs required in the next 100 years. Affordable housing developments on TI, including Parcel C3.1, are exempt from paying the CFD special taxes.

Federal historical review does not apply for Parcel C3.1. There are no historical buildings on or near C3.1.

2.4.1 Environmental Issues. See Phase I/II bulleted below.

2.4.2 Phase I/II Site Assessment Status and Results. The State Department of Toxic Substance and Control (DTSC) oversaw a Finding of Suitability (FOST) process for the Navy's environmental assessment, cleanup, and remediation of land for all of TI and transferred its finding to TIDA. The FOST was approved on February 15, 2006 and confirmed that no additional environmental assessment or remediation was required, except for existing buildings to be demolished, which would need to be evaluated and abated individually per State and City regulations. According to TIDA, there was no separate Phase I/II report for the TI outside of the FOST process.

However, a project-specific Phase I report was completed by Mercy on December 15, 2020 by Langan Engineering and Environmental Services, Inc. Mercy requested the report in order to provide evidence to its Board of Directors, potential lenders and/or investors of the low risk to provide debt and equity to the development while there is a pending lawsuit regarding environmental cleanup. (See Section 2.4.1 below for a discussion about the pending lawsuit.) The Phase I Environmental Assessment stated that no Recognized Environmental conditions (REC) were identified associated with the site but a Historical Recognized Environmental condition (HREC) that was remediated was identified.

Island-wide remediation activities continue where necessary as specified in DTSC documents. The Star Barrack building, built in the 1940's, was previously located on the parcel. The building was abated and demolished in August 2016, so there should be no known environmental issues from that building.

2.4.1.2 Pending TI Lawsuit. In late January 2020, one week prior to the construction closing on the first affordable TI development, Maceo May, a complaint was filed against TIDA, One TI, TICD, the Navy and other entities. The complaint generally alleged that Treasure Island was contaminated at levels higher than disclosed to the public by the US Navy and that this information was knowingly withheld. In order to close on the financing and proceed with construction on the Maceo May development, the City provided a guaranty to the outstanding principal balance of the construction loan and the amount of equity that could be in construction if a stop work order were issued by the court. While the City provided a

construction and equity loan guaranty for the Maceo May development, City staff explicitly stated to the Sponsor during the closing of Maceo May that the City will not provide a construction guarantee to the remaining affordable developments on TI.

The court canceled a scheduled November 4, 2021 hearing on the motions filed by the City and other defendants to dismiss the third amended complaint stating that it would rule without hearing oral arguments. The City is awaiting a decision. If the matter proceeds to trial on Plaintiffs' third amended complaint, the City and TIDA believe that there are strong defenses available against each alleged cause of action relating to the City, TIDA and the individual City employees, which they intend to diligently pursue.

Note that in October 2020 and July 2021 TIDA issued two series of Community Facilities District bonds, which included disclosures about the lawsuit. For both sales, TIDA received high interest and over-subscriptions from institutional investors to purchase the bonds, indicating that the lawsuit has not posed substantial risk to deter potential investors or impacted the competitiveness of the bond sale.

In 2020, Mercy engaged Cox Castle & Nicholson (CNN) to work with Langan to assess potential radiological issues and the pending risk of injunction. In April 2021, CNN issued a memo that since there was no RECs associated with the property, there was no further action or investigation needed.

2.4.3 Potential/Known Hazards. There had been some questions about the samples collected for the remediation by the Navy. Remediation at the project site was completed by the Navy and concurred to by the DTSC prior to transfer to the City in May 2015. Earlier in 2018, the Navy, the State and the EPA found fault with sampling and cleanup work performed by the contractor TetraTech at the Hunters Point Naval Shipyard. Questions have been raised by Green Action Network whether these problems might extend to work performed by TetraTech at Treasure Island. Most of the Treasure Island work was performed by contractors other than TetraTech, and the State and the Navy have found no evidence to suggest similar problems exist with work TetraTech performed at Treasure Island, and TetraTech provided no services related to the site of the proposed project.

2.5 Adjacent uses and neighborhood amenities. Phase 1 of the Treasure Island Redevelopment Plan includes approximately 207,000 square feet of new commercial and retail space as well as transportation improvements. As stated above in Section 2.1 and as the second new affordable housing development on Treasure Island, the Project will

likely be completed before many new amenities are available. However, adequate amenities on the island serve 500 existing TI residents living in market-rate and affordable units, including:

- YMCA
- Life Learning Academy (an academic and vocational program for students who have not been successful in traditional school settings);
- Treasure Island Child Development Center;
- An existing chapel
- Public service facilities including a San Francisco Fire Department (SFFD) fire station and a fire training academy also operated by SFFD, and;
- Nurse Intervention Clinic, operated by San Francisco Department of Public Health (DPH) out of a dedicated clinic space at the Treasure Island Gymnasium twice a week
- Grocery store

The SF Muni 25 bus serves the island; per TIDA, AC transit is expected to begin once toll revenue starts to be collected and will provide bus service from Oakland. A privately subsidized ferry began service in February 2022. The cost will $5 per ride for all users. The privately subsidized ferry is expected to transfer to public ferry service in 2025.

2.6 Green Building. All new buildings at Treasure Island are subject to Green Building Specifications, which supplements the Green Building Ordinance and covers guidelines for energy, waste, water, landscaping, building and site design, material and indoor air quality, and the use of regional vegetation, and providing “solar ready” infrastructure. Treasure Island is projected to be the largest LEED Platinum Neighborhood Development in the country; however individual affordable housing projects on TI will achieve Green Point Ratings typical for other affordable projects receiving tax credits or other subsidies of at least 125 points. Treasure Island C3.1 exceeds GPR and is LEED Gold.

3 COMMUNITY SUPPORT

3.1 Prior Outreach. Catholic Charities and Mercy Housing have had a presence on Treasure Island since 1999 as members of One TI, which is a collaboration of stakeholders working to foster and steward an equitable, inclusive, and thriving community for all TI residents, employees, businesses, and visitors. Additionally, Mercy has regularly engaged with Catholic Charities households and other families on TI.

In collaboration with Catholic Charities and TIDA, Mercy has developed a Community Engagement plan that outlines resident meetings, communication strategies, and ways to disseminate information and meaningfully engage with the community throughout the predevelopment and construction phases. A draft of this plan will be required prior to construction loan closing.

Mercy has kept residents informed through flyers, announcements, and presentations. Mercy has sent out Fact Sheets and Christmas cards to keep residents updated during the pandemic. In fall 2021, Mercy held in person community meetings and the Project architects attended and showed renderings and unit lay outs. Mercy will continue to hold more community meetings during construction and prior to marketing and lease up. Mercy has also presented regularly at the Treasure Island Citizen Advisory Board ("CAB") to engage with all TI residents. Catholic Charities has regularly maintained communication with residents living in One TI units regarding Project updates.

3.2 Future Outreach. Mercy will continue to work with Catholic Charities to provide the Project's construction updates to residents living in One-TI units. Also, Mercy has published a website to keep all TI residents and others venturing to site with updates on the Project. Once the Project is complete, the Resident Service Coordinator will work with Catholic Charities staff to keep the Project's residents engaged.

3.3 1998 Proposition I Citizens' Right-to-Know ("Prop I"). Prop I posting was completed in March 2019, prior to the Mayor's execution of the predevelopment loan.

4 DEVELOPMENT PLAN

4.1 Site Control. During the predevelopment period, site control is governed by the Option to Lease between TIDA and Mercy Housing California 82, LP ("MHC LP 82") that was approved November 14, 2018 by the TIDA board. The Option to Lease will terminate when a Ground Lease is executed. The Ground Lease will be executed prior to or concurrent with the construction loan closing.

The term of the ground lease will be 99 years from the date of construction completion of the project, with a base rent of $15,000. The Ground Lease may include additional rent to the extent feasible, in an amount (when combined with the Base Rent) not to exceed a total of 10% of the land value of the Property (as determined by a MAI appraiser selected by, and at the sole cost of, the tenant, and set forth in the Ground Lease), to be paid solely as residual rent, payable only to the extent proceeds are available from the Project after deductions for Project operating expenses, mandatory debt service payments, property management fees, reserve deposits required by Project lenders, deferred developer fees, and asset and partnership management fees in amounts permitted in accordance with MOHCD policy.

4.1.1 Proposed Property Ownership Structure Treasure Island is subject to the Tidelands Trust doctrine administered by the State of California, which holds that title to tidelands must be held in trust by the State for the benefit for the people of California. The

Treasure Island Conversion Act of 1997, enacted by the State legislature, authorizes TIDA to enter into leases of Tidelands Trust property for up to 66 years for uses consistent with the Tidelands Trust. However, the affordable parcels on Treasure Island are located on trust exempt parcels (housing is not a Tidelands Trust compatible use) and the Tidelands Trust restrictions are not applicable to Parcel C3.1. Therefore, the term of the ground lease for the future improvements is proposed to be 99-years. As such, TIDA will enter into a Ground Lease with the partnership entity at the closing of construction financing; there will be an annual ground lease payment. The partnership will own the improvements.

TIDA owns the land where Parcel C3.1 is located, and the parcel was created with the final map on November 11, 2018.

4.2 Proposed Design. The project has completed 100% CDs; the design includes open space, services room, a community room, teen room, and property management suite.

<table>
<tr><td>Avg Unit SF by Type (net):</td><td>1-br avg sf- 595 sf
2-br avg sf- 845 sf
3-br avg sf- 1,126sf
4-br avg sf – 1,399 sf</td></tr>
<tr><td>Do all units meet TCAC minimum SF?</td><td>Yes, all units exceed the TCAC minimum SF.
<table>
<tr><th>Unit Type</th><th>TCAC Minimum SF as written in 6/16/2021 TCAC Regulations 10325(g)(1)(B)</th><th>Parcel C3.1 unit type percentage greater than TCAC minimums</th></tr>
<tr><td>Studios</td><td>200</td><td>N/A</td></tr>
<tr><td>1-BDR</td><td>450</td><td>24%</td></tr>
<tr><td>2-BDR</td><td>700</td><td>17%</td></tr>
<tr><td>3-BDR</td><td>900</td><td>20%</td></tr>
<tr><td>4-BDR</td><td>1,100</td><td>20%</td></tr>
</table></td></tr>
<tr><td>Common Area SF:</td><td>26,733 gross sf</td></tr>
<tr><td>Bicycle Parking:</td><td>1,701 sf. This is for 138 bicycle parking spaces.</td></tr>
<tr><td>Parking SF:</td><td>13,315 gross sf. This is for 25 covered parking spaces 0.2:1.0 ratio.</td></tr>
<tr><td>Residential SF:</td><td>136,560 gross sf</td></tr>
<tr><td>Commercial SF:</td><td>Not Applicable – There is no commercial square footage in the Project.</td></tr>
</table>

Circulation SF	33,978 gross sf
Building Total SF:	210,586 gross sf

4.3 Proposed Rehab Scope. N/A

4.4 Construction Supervisor/Construction Representative's Evaluation. The overall massing and design for Parcel 3.1. is largely driven by the highly prescriptive guidelines set by the Planning Department for Treasure Island, which among other things call for first floor stoops at unit entries, the elevation of the first-floor residential units being two feet above adjacent exterior grade, and a taller mass facing the vehicular streets than those facing the shared public ways. The designers have managed to get variances from some of the requirements, but not all, and those that remain all tend to drive up construction costs. The inclusion of a parking garage – as is likely to be needed on all Treasure Island buildings – further adds cost compared to most other MOHCD funded projects, as does the relatively high bedroom to unit ratio.

Through previous value engineering rounds, the design has been refined to eliminate some of the more expensive decorative flourishes, but has managed to retain enough variety to still create the richly textured façade that the Planning Department approved. Now that the bids have been received and pricing submitted to MOHCD on February 25, 2022, the team is evaluating the proposals and the design to see if any further savings can be found, but it seems unlikely that any major savings will be achieved. The bids came in a bit higher than the last round of pricing, but this was expected given the volatility in the industry right now, and the Sponsor had been carrying slightly more contingencies than typical to this point, which essentially offsets the higher bid cost. As it stands post-bid, the building is slightly below average cost per SF compared to similar MOHCD/OCII buildings ($467 for TI 3.1 vs. $543 average), while being above average on a per unit basis ($712K vs. $630K), and a bit below on a per bedroom one ($306K vs. $363K.) Given all the cost escalating factors outside of the design team's control, these comparisons overall seem favorable.

To try and further mitigate against cost escalation in these still volatile times, the GC is carrying a 1% escalation allowance in addition to their 2% Contractor's Contingency. The sponsor is carrying a 5% Owner's Contingency as well. There was some discussion of reducing the overall amount of escalation / contingencies, but all parties (including MOHCD project manager and construction representative manager) feel that it is prudent to keep the amounts where they are.

4.5 Commercial Space. N/A.

4.6 Service Space. The design assumes approximately 934 gross square feet ("GSF") with an additional 297 GSF for a community kitchen and

storage space. The teen room is 727 GSF. There are three resident services offices totaling 343 GSF.

4.7 Interim Use. N/A.

4.8 Infrastructure. N/A. TICD and TIDA are responsible for infrastructure on Treasure Island. No infrastructure is included in this loan.

4.9 Communications Wiring and Internet Access. MOHCD Communications Wiring Standards are incorporated into the project. All units are receiving CAT 5 or CAT 6 and will be able to access the City's network fibar.

4.10 Public Art Component. TIDA sponsored buildings are exempt from the Public Art requirement. Public Art will be provided on Yerba Buena Island and TI by the TICD.

4.11 Marketing, Occupancy, and Lease-Up. As of the signing of the DDA between TIDA and TICD ("DDA"), there were 260 existing affordable housing units for formerly homeless households ("One TI units") and approximately 350 existing market rate housing units on all of TI and Yerba Buena Island ("YBI"). Occupants of the market rate housing that lived on TI before the DDA are known as "pre-DDA" or "Legacy Households". Occupants that moved to TI after the execution of the DDA through December 2019 are known as "Vested Residents" (and were formerly referred to as "Post DDA Households"). For more information about the history of Treasure and Yerba Buena Islands including the rights and opportunities of current residents, please see Exhibit A – Summary of Treasure Island Development Authority, Treasure Island Development Corporation, LLC, One Treasure Island, Development Agreement and Existing Treasure Island Households.

The DDA contains a Housing Plan that specifies the opportunities and obligations for the development and construction of affordable housing units that have been agreed upon by TIDA and the Principal Developer, TICD. The Housing Plan also includes the Transition Housing Rules and Regulations (the "Transition Regulations"; Attachment C of the Housing Plan), which defines the replacement unit obligations and other benefits that apply to market rate tenants living at The Villages at the time the DDA was executed. The Villages at Treasure Island ("The Villages") are 766 market rate attached flats and townhomes managed by John Stewart Company. All Legacy Households living in The Villages will be offered a transition benefit from TIDA. For transition benefit, please see Section 4.14.

TIDA is solely responsible for coordinating and providing transition benefits and services to all eligible households and residents per the Transition Regulations. TIDA will ensure that Transition Units, defined further down in this section, are provided as needed within TIDA affordable housing buildings in order to meet TIDA's replacement

housing obligations under the Housing Plan. The Transition Units are regulated by the Transition Regulations and not the San Francisco Rent Control Board. The Transition Regulations also governs The Villages and meets the Rent Boards exempt property definition of "dwelling units whose rents are controlled or regulated by another government unit, agency or authority".

The Transition Regulations were modified as requested by Board of Supervisors Resolution No. 476-19 and as approved by the TIDA Board Resolution No. 19-28-1211 to provide an affordable housing preference for new Treasure Island affordable units to income qualifying market rate residents who moved into The Villages subsequent to June 30, 2011 and were still residents in good standing on December 11, 2019.

To summarize, TIDA recognizes three categories of household and individual eligibility for new Authority Housing Units, Transition Units, and Inclusionary Units broadly summarized below: ("Authority Housing Project" is defined in the DDA and includes affordable units that will be rented to low income households spanning a wide range of affordability and may include Transition Units.)

1) **"Legacy Household"** (formerly referred to as "Pre-DDA Household") is a household that has continuously rented and occupied an apartment at The Villages prior to the DDA. Only Legacy Households can occupy a **Transition Unit**.
2) **"Legacy Resident"** is a resident living in a Legacy Household that has continuously rented and occupied an apartment at The Villages prior to the DDA.
3) **"Vested Resident"** (formerly referred to as "Post-DDA Household") is a current resident who has rented and occupied an apartment at The Villages whose tenancy began after June 29, 2011 and before December 11, 2019.

All existing residents living at The Villages will eventually be obligated to move as existing housing is demolished over time.

The fourth group of households on TI are the "One TI Households" ("formerly referred to as Treasure Island Homeless Development Initiative households") totaling 260 units, the "One TI Units". These One TI Units are guided by the Amended and Restated Base Closure Homeless Assistance Agreement ("Base Closure Agreement") dated June 28, 2011. The Base Closure Agreement outlines all TIDA obligations with respect to housing and services for current and formerly homeless individuals and families to be provided by One TI and also governs certain new housing, employment and economic development opportunities that are managed by One TI. Replacement unit obligations for One TI residents are guided by the Base Closure Agreement and detailed in Exhibit E - Treasure Island Homeless Development Initiative ("TIHDI") Transition Housing Plan ("TIHDI Transition Housing Plan").

Households and residents who reside in One TI Units are not eligible for benefits under the Transition Regulations.

One TI member organizations operate the 260 One TI Units located in The Villages on Treasure Island. (For a breakdown of the One-TI members and the number of existing One-TI units each TI member operates, see Attachment A). TI-C3.1 will replace all 71 of Catholic Charities' existing One-TI Units. These 71 Catholic Charities One-TI Units have a Continuum of Care ("CoC") operating subsidy contract that will be assigned to the TI-C3.1 owner.

The various populations occupying TI and specifically TI-C3.1, who will receive replacement units or apply for the lottery, makes developing the marketing plans, determining the occupancy preferences and affordability restrictions for all TI developments complex. The TI marketing plan to cover TIDA's obligations of marketing affordable housing rental and ownership units has been incorporated into a Memorandum of Understanding ("MOU") between MOHCD and TIDA. This MOHCD-TIDA MOU was executed on March 1, 2021. The MOU outlines the housing preferences to be applied at all TI developments. For this Project, the units designated for TI households are as follows:

a) **One-TI Replacement Units**: There are 71 One-TI Replacement Units for existing Catholic Charities households. If there are vacancies in these units at the initial lease up, the Department of Homelessness and Supportive Services ("HSH") through the Coordinated Entry System ("CES") will refer potential residents for these units. HSH through CES will also complete any re-leasing.

b) **Transition Units**: There are 23 Transition Units for Legacy Households that are not income restricted and therefore the units are not tax credit eligible. First occupants of these units will be Legacy Households until all Legacy Households Transition Unit benefits have been delivered. TIDA, using DAHLIA with assistance from MOHCD staff, will hold an internal (non-public) lottery to determine the unit offer order for these Transition Households. At lease up, if TIDA has gone through all Legacy Household rankings and the Transition Units remain vacant , Mercy will be able to use the waitlist that will be established through the initial DAHLIA lottery. (Legacy Households who are income eligible, may also apply to the MOHCD DAHLIA Lottery Units described in bullet c) below).

   Also, any Legacy Households occupying these Transition Units at the Project will pay the same rent the household pays in their current existing TI unit. Rents in these Legacy Household replacement units can only be raised by the annual amount allowed under the Rent Board.

c) **MOHCD DAHLIA Lottery ("Lottery") Units:** There are up to 43 Lottery Units for which Legacy Residents and Vested Residents have preference before other DAHLIA preferences and the general public. Legacy and/or Vested Residents placed in these units must be income eligible and placed in the units through the Lottery. These Lottery Units are subject to the preferences in the chart below.

MOHCD Preference	Applicant Category
0.A	Legacy Residents
0.B	Vested Residents
1	Certificate of Preference (COP) Holders
2	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20% of units after previous preferences are applied.)
3	Neighborhood Preference (25% of units after previous preferences are applied.)*
4	Live or Work in San Francisco Preference
5	All Others

IMPORTANT NOTE: Due to this Project receiving state funding for AHSC, the Neighborhood Preference set aside is reduced to 25% of available units, instead of 40%.

4.12 Income Restrictions for All Sources. As stated in Section 4.11, One-TI Replacement Units have an existing CoC contract that will transfer to TI-C3.1. Also, households in the One-TI Replacement Units will be referred to the One-TI Replacement Units from HSH through CES. However, at initial lease up, Mercy and Catholic Charities, who is the grantee of the existing CoC contract, along with HSH will assist existing residents to move into their new One-TI Replacement Unit at the Project. Existing One-TI residents in units operated by Catholic Charities may move into the new One-TI Replacement Unit at the Project if the residents are in Good Standing. Good Standing means that a household is current with their rent and any/all of the other conditions of the household's lease, as determined by the applicable housing provider.

The targeted TI populations in the One-TI Replacement, Transition, and Lottery Units described above in Section 4.11 have the affordability restrictions shown in the chart below. The City AMI equivalent affordability to TCAC AMI is provided in the chart below to show how the City AMI restrictions were determined.

NON-LOTTERY: One-TI Replacement Units	No. of Units	CITY AMI EQUIVALENT to TCAC/HCD AMI	City Restriction for Declaration	TCAC & HCD Restrictions	Most Restrictive
1 BR – CoC	0	38% City AMI	40% City AMI	30% TCAC AMI	TCAC
2 BR – CoC	51	41% City AMI	40% City AMI	30% TCAC AMI	City
3 BR – CoC	18	43% City AMI	40% City AMI	30% TCAC AMI	City
4 BR – CoC	2	44% City AMI	40% City AMI	30% TCAC AMI	City

Sub-Total	**71**				
NON-LOTTERY: Transition Units					
1 BR	0	128% City AMI	130% City AMI	100% TCAC AMI	TCAC
2 BR	4	137% City AMI	135% City AMI	100% TCAC AMI	City
3 BR	14	143% City AMI	140% City AMI	100% TCAC AMI	City
4-BR	5	147% City AMI	145% City AMI	100% TCAC AMI	City
Sub-Total	**23**				
LOTTERY: MOHCD DAHLIA Lottery Units					
1 BR	8	64% City AMI	60% CITY AMI	50% TCAC AMI	City
2 BR	2	69% City AMI	65% CITY AMI	50% TCAC AMI	City
3 BR	3	71% City AMI	70% CITY AMI	50% TCAC AMI	City
4-BR	3	73% City AMI	70% CITY AMI	50% TCAC AMI	City
Sub-Total	**16**				
1 BR	15	77% City AMI	75% CITY AMI	60% TCAC AMI	City
2 BR	3	82% City AMI	80% CITY AMI	60% TCAC AMI	City
3 BR	5	86% City AMI	85% CITY AMI	60% TCAC AMI	City
4-BR	4	88% City AMI	85% CITY AMI	60% TCAC AMI	City
Sub-Total	**27**				
STAFF UNITS					
2 BR	**1**				
TOTAL	**138**				
PROJECT AVERAGE (ALL UNITS)		**69.86%**	**68.32%**	**50.73%**	
PROJECT AVERAGE EXCLUDING TRANSITION UNITS		**45.06%**	**52.63%**	**39.91%**	
PROJECT AVERAGE FOR LOTTERY UNITS ONLY		**75.93%**	**73.49%**	**56.28%**	

Occupancy Standards for Units. Also, it should be noted that each secondary lender above has different minimum occupancy standards based on bedroom size that must be applied to all units at the time of initial leasing and releasing. Since the Transition Units are not eligible for HCD or TCAC funding, the Transition Units will follow the MOHCD Occupancy Standards. As of 2022, the minimum occupancy standards are as follows:

UNIT SIZE	Minimum Occupancy Standard		
	MOHCD	TCAC	HCD
1 BR	1	1.5	1
2 BR	2	2	2
3 BR	3	3	4
4 BR	4	4	6

4.13 MOHCD Restrictions. The chart and similar language below will be in Exhibit A of the Project's loan agreement and in the Declaration of Restrictions, to be recorded at construction close. Median Income used below is defined in the loan agreement as the City's median income.

Unit Size	No. of Units	Maximum Income Level	Rental Subsidy
1 BR	8	60% of Median Income	
1 BR	15	75% of Median Income	
Total 1 BR	**23**		
2 BR	51	40% of Median Income	CoC
2 BR [Transition Unit]	4	135% of Median Income	
2 BR	2	65% of Median Income	
2 BR	3	80% of Median Income	
2 BR	1	Unrestricted Manager's Unit	
Total 2 BR	**61**		
3 BR	18	40% of Median Income	CoC
3 BR [Transition Unit]	14	140% of Median Income	
3 BR	3	70% of Median Income	
3 BR	5	85% of Median Income	
Total 3 BR	**40**		
4 BR	2	40% of Median Income	CoC
4 BR [Transition Unit]	5	145% of Median Income	
4 BR	3	70% of Median Income	
4 BR	4	85% of Median Income	
Total 4 BR	**14**		

4.13.1 Proposed Declaration of Restrictions Language. Seventy-one (71) units must be made available to chronically homeless households or those at risk of homelessness during the period in which the CoC Program is in operation and the City provides such subsidy to the project under a Continuum of Care Contract.

Twenty-three (23) units must be made available to Legacy Households that have not exercised their Treasure Island transition benefits. First occupants of the Transition Units will be Legacy Households that live in existing units on Treasure Island. Subsequent occupants will continue to be Legacy Households until all Legacy Households have exercised their transition benefit. When all Legacy Households have exercised their transition benefit, the maximum income level restriction will be 135% of Median Income for a two-bedroom unit, 140% of Median Income for a three-bedroom unit and 145% of Median Income for a four-bedroom unit. The rent charged for these Transition Units can be no less than 20% below market as determined by a neighborhood level market study completed at minimum 90 days before posting unit availability.

If the CoC Program is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions for the units with CoC operating subsidy above may be altered but only to the extent necessary for the Project to remain financially feasible, provided that:

(a) Borrower diligently pursues an additional or alternative source of income or subsidy acceptable to the City to replace the rental subsidies.

(b) One hundred percent (100%) of the Units formerly under CoC must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed sixty percent (60%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income, (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units excluding the Transitions Units in the Project may not exceed sixty percent (60%) of Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

4.14 Relocation. There are no relocation benefits associated with this project. TIDA is providing transition benefits to Legacy Households and moving assistance to Catholic Charities' One TI households. TIDA, with assistance from TIDA's transition consultant, Associated Right of Way Services (ARWS), and Sponsor, will move Legacy Households that want to exercise their transition benefit to a Transition Unit in the Project. One-TI Residents will be assisted by Catholic Charities, Mercy, and HSH for their move to the new One TI Replacement Unit in the Project.

5 DEVELOPMENT TEAM

Development Team			
Consultant Type	**Name**	**SBE/LBE**	**Outstanding Procurement Issues**
Architect	Paulett Taggart Architects (PTA)	Y	N
Landscape Architect	GLS Landscape Architecture	N	N
General Contractor	Nibbi Brothers	N	N
Owner's Rep/Construction Manager	Gonzalo Castro	Y	N
Financial Consultant	Community Economics Inc	N	N
Other Consultant (Geotechnical)	Rockridge Geotechnical	N	N
Legal	Gubb and Barshay	Y	N
Property Manager	Mercy Housing Management Group Name	N	N
Services Provider	Mercy Housing California and Catholic Charities Name	N	N (Describe below)

5.1 Procurement Plan. The Developer has established SBE goals . Sponsor has met with Contracts Management Division ("CMD") and established 20% SBE goals for both professional services and construction hiring.

The general contractor, Nibbi Brothers ("Nibbi"), will make a good faith effort to surpass the 20% SBE goal and contract 41% of the total dollar value of the Vertical Development Work through subcontractors that are qualified Small Business Enterprises (SBEs) located in San Francisco or elsewhere, provided that First Consideration shall be given to SBEs located in San Francisco. Further, Nibbi will make Good Faith Efforts to ensure that at least 50% of the person-hours (on a cumulative basis, not by individual task or trade) performed pursuant to the general contractor contract be performed by San Francisco residents, of which at least half (i.e., 25%) of the new hire all cumulative person-hours) shall be performed by economically disadvantaged individuals. Mercy will work closely with Nibbi to make sure the CMD requirements are met and that additional goals are performed in a targeted manner. Mercy will also ensure that Nibbi works with One TI's local jobs program and to outreach to the community.

5.2 Opportunities for BIPOC-Led Organizations. To increase its contracting with BIPOC firms, Mercy takes part in the NPH's Diversity, Equity, Inclusion Working Group and created a list of firms to reach out to for opportunities related to construction and consultants. The project will work with the general contractor to select BIPOC-led subs when possible and economically feasible.

6 FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1 Prior MOHCD/OCII Funding: Sponsor and MOHCD executed a predevelopment loan dated June 13, 2019 for $2,000,000 and all funds were expended by December 16, 2020. On June 18, 2021, MOHCD and Sponsor executed a first amendment to the predevelopment loan. As of February 2, 2022, the Sponsor has expended $3,311,967.85 on the predevelopment loan.

Loan Type/ Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance	Accrued Interest to Date
[Predevelopment] AHF Inclusionary	6/13/2019	$1,000,000.00	3%	4/1/2024	Residual Receipts	$1,000,000.00	
[Predevelopment] CMPC	6/13/2019	$1,000,000.00	3%	4/1/2024	Residual Receipts	$1,000,000.00	
[Predevelopment] AHF Inclusionary	6/18/2021	$2,500,000.00	3%	4/1/2024	Residual Receipts	$2,500,000.00	
Total:	**6/18/2021**	**$4,500,000.00**	**3%**	**4/1/2024**	**Residual Receipts**	**$4,500,000.00**	

6.2 Disbursement Status. Funds for this loan may be accrued on the date of the Loan Committee and disbursed on the date the Mayor executes the loan, if approved by the Board.

6.3 Fulfillment of Loan Conditions. Below is the status of Loan Conditions since this project was last at Loan Committee and the conditions immediately below were to be completed prior to gap loan request:

- If awarded California Debt Limit Allocation Committee ("CDLAC") financing, the Sponsor must reduce all hard cost contingencies and pricing escalations. Sponsor's and general contractor's contingencies and/or price escalations must be aligned with the MOHCD policy. All savings from contingencies and price escalations must be used to reduce the MOHCD loan. **Status: Completed**. The hard cost number in this loan request is from the general contractor bid received on February 18, 2022 and has been vetted by MOHCD Construction Representative Manager.

- Sponsor must provide evidence of AHSC extension in process or has been granted. **Status: Completed**. AHSC extension was received and provided to MOHCD in summer 2021.

- Sponsor must provide evidence that a lender has accepted underwriting the CoC with a LOSP MOU. **Status: Completed**. Sponsor has executed a Letter of Intent ("LOI") with Citibank and in the LOI Citibank agrees to underwrite the CoC.

- Sponsor must provide an updated draft and near final services plan and budget. Services Plan must be reviewed and approved by HSH. **Status: In progress**. Staff accepted the service plan submitted with the 2021 Round 2 CDLAC bond application as the draft services plan and a draft budget was submitted with the preliminary gap loan application. A new condition related to the services plan and budget is in Section 9.2.

- Sponsor must submit Request for Proposals for equity investors to MOHCD for review/approval before it is finalized and released to investors. **Status: N/A**. This is an Accelerator fund project. Accelerator funds are replacing equity and therefore, RFP for equity investor is not applicable.

- Sponsor must submit recommended investors to MOHCD for review/approval prior to signing letter of intent. **Status: N/A.** This is an Accelerator fund project. Accelerator funds are replacing equity and therefore, RFP for equity investor is not applicable.

- Sponsor must submit raw financial data from developer or financial consultant, as well as any letters of intent, for MOHCD review/approval prior to selection of permanent mortgage lender **Status: N/A.** Because the permanent lender must underwrite the CoC, which is not standard, Mercy has looked for a potential lender for over two years. In the early planning stages of the project, the San Francisco Housing Accelerator Funds ("SF HAF") had planned to underwrite the CoC upon execution of a MOU with MOHCD. SF HAF reached out to several banks to partner for the loan. Citibank agreed to underwrite the CoC, as long as Citibank received the same terms in the MOU as SF HAF, and SF HAF was no longer needed as an intermediary lender.

Below are conditions prior to disbursement of second payment of Developer Fee during construction.

- Sponsor must apply to FHLB for AHP loan in maximum amount for which competitiveness can be achieved (estimated to be $1,500,000 at this time.) **Status: In progress.** Sponsor applied for AHP financing in March 2021, and was unsuccessful. The Sponsor will apply once construction has started in order to gain additional competitive scoring points.

Below are conditions post gap loan closing.

- Sponsor must submit marketing plan 12 month prior to anticipated temporary certificate of occupancy date. **Status: N/A**. Sponsor timeline of this submission is provided in Attachment B.

6.4 Proposed Predevelopment Financing. N/A.

6.5 Proposed Permanent Financing

6.5.1 Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project:

1) **City Loan ($33,452,317).** The City loan amount includes the predevelopment loan of $4,500,000. The City loan amount of $32,594,529 was shown on the CDLAC bond application, and HCD expects the City to provide the same loan amount for the upcoming Accelerator loan closing. With this request, the City loan is approximately $858K more than the amount in the CDLAC application due to increased hard construction cost. The City loan also includes two bridge loans: (1) an AHP bridge loan of up to $1,250,000, and (2) a TIDA Infrastructure & Revitalization Financing District ("IRFD") loan of up to $5.0M.

AHP: The Sponsor applied for AHP in March 2021 through the San Francisco Federal Home Loan Bank ("FHLB") and was not successful. The Sponsor will apply in May 2022 for AHP from the New York FHLB. Citibank will sponsor the AHP and their relationship is with the New York FHLB. If not awarded AHP, the Sponsor will continue to apply for AHP from a FHLB until the temporary certificate of occupancy is received. Once the Sponsor is awarded AHP, the MOHCD loan will be repaid. If the Sponsor is not awarded an AHP, the City's AHP bridge loan will remain in the Project.

TIDA IRFD: TIDA will contribute up to $5,000,000 in IRFD funds to the Project. The IRFD funds are monies from the IRFD No. 1 (Treasure Island) bonds, of which a portion of the bond proceeds are dedicated to the production of affordable housing on TI. TIDA has planned that the Board of Supervisors ("Board") will discuss the IRFD in March 2022, but the funds, if approved by the Board may not be available until after the Project's financing closing. If received after the escrow closing, the City loan will be amended to reduce one of the MOHCD sources in the loan and replace with TIDA IRFD. However, the total City loan will not change.

2) **Citibank Permanent Loan ($14,467,000).** MOHCD reviewed and commented on Citibank's Preliminary Application for Financing dated February 4, 2022 that included the term sheet for the construction and permanent loans. The document was fully executed after MOHCD reviewed and provided

comments. The permanent loan is not to exceed $19,300,000 and has a term of 20 years with a 20 year amortization. The all in rate of the loan is 5.10%. At 90% occupancy, Citibank will review property's net operating income to determine the maximum perm loan amount.

Determining the maximum permanent loan amount may increase size of the loan since the 60% TCAC AMI/City equivalent AMI units are conservatively underwritten at 55% City AMI rents. Mercy's experience during the Covid-19 pandemic has been that 60% TCAC AMI/City equivalent AMI rents are essentially market. While staff agreed to underwriting the 60% TCAC AMI/City equivalent AMI rents at 55% AMI rents, staff is requiring that prior to submission of the marketing plan, Mercy must complete a new market study to establish the rents on the 27 units restricted at 60% TCAC AMI/City equivalent AMI. If the market study results in higher rent collected on the 60% TCAC AMI/City equivalent AMI and the permanent loan increases, MOHCD's loan will be reduced by the equivalent raised amount on the permanent loan, if allowed by HCD. At minimum project savings will be split with HCD.

The Citibank loan is also underwriting CoC rental subsidy and the excess cash flow generated by the rents. At the additional predevelopment loan agreement in January 2021, the plan was to have the San Francisco Housing Accelerator Fund ("SFHAF") underwrite the CoC rental subsidy, as a secondary permanent loan in partnership with a commercial lender, and SFHAF would require an MOU between SFHAF and MOHCD to replace the CoC with LOSP if CoC is removed from the Project by HUD. SFHAF brought in Citibank as the primary lender. Citibank agreed to underwrite the CoC rental subsidy as long as it received the same MOU requirements that were between SFHAF and MOHCD. The MOU regarding CoC rental subsidy is being reviewed by the City attorney and will be required to close. Also, MOHCD has an email confirmation from HSH that to building this Project and provide new affordable units to the formerly homeless and homeless population in this Project, it will allow CoC rental subsidy and LOSP to be underwritten for debt.

3) **4% Tax Credit Equity ($0):** N/A. Tax credit equity has been replaced with Accelerator funds.

4) **HCD AHSC Loan ($13,753,000).** On July 8, 2019, the Project was awarded $20,000,000 in Affordable Housing Sustainable Communities funding ("AHSC") based on the application submitted on February 11th, 2019. $13,735,000 of the funds are for affordable housing and the remaining $6,265,000 grant will be allocated to the Sustainable Transportation, Infrastructure and Active Transportation which will fund the purchase of up to five buses for AC Transit to operate service between Downtown Oakland and Treasure Island. Service will operate via Grand Avenue with stops at Oakland City Center and Uptown Transit Center, and along West Grand Avenue, as needed. Bus service would run from 6am to 10pm every half hour. Sponsor received an extension on the award related to the start of construction due to pandemic delays. The Project will close in advance of the HCD extension by closing in May 2022.

5) **HCD Accelerator Loan ($55,601,514).** Sponsor was awarded funds on February 2, 2022 as a Tier 1 development. While Sponsor has until August 2, 2022 to close, in order to hold the general contractor pricing, they must issue the Notice To Proceed by May 2022.

6) **GP Equity ($0).** The amount does not meet the $500K GP Equity under MOHCD's Developer Fee policy. With tax credit equity replaced by Accelerator funds, all equity has been replaced by Accelerator funds. Also, without a tax credit investor, minimum GP Equity is not necessary or required.

7) **Deferred Developer Fee ($0).** With tax credit equity replaced by Accelerator funds, HCD has limited developer fee to $2.2M and does not allow deferred fee.

8) **Citibank Construction Loan ($81,427,662**): While not a permanent source, the construction loan terms limit the loan to $94,000,000. The term is 36 months and there are two 6-months extensions. The extensions fee is 0.05% added to the permanent loan for each 6-months past initial 36-month period in which permanent conversion occurs. The current indicative rate is 2.75% with an interest rate cushion on 0.75%. MOHCD reviewed and commented on Citibank's Preliminary Application for Financing dated February 4, 2022 that included the term sheet for the construction and permanent loans. The document was fully executed after MOHCD reviewed and provided comments.

6.5.2 CDLAC Tax-Exempt Bond Application: N/A. Project is no longer receiving tax-exempt bonds. Tax exempt construction loan is now a commercial price construction loan and Accelerator funds are paying off commercial construction loan.

6.5.3 HOME Funds Narrative: N/A – there are no HOME fund in TI-C3.1.

6.5.4 Commercial Space Sources and Uses Narrative: N/A – there are no commercial spaces in TI-C3.1.

6.5.4 Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Hard Cost per unit is within standards	Y	$849,810/unit
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5.0%
Architecture and Engineering Fees are within standards	Y	Total architecture with add services is $3,865,863
Construction Management Fees are within standards	Y	Cost are within reason.
Developer Fee is within standards, see also disbursement chart below	Y	Project management fee: $1,100,000 At risk fee: $1,100,000 Deferred fee: $0 GP equity: $0 Commercial fee: N/A Total fee:$2,200,000
Consultant and legal fees are reasonable	Y	Cost are within reason.
Entitlement fees are accurately estimated	Y	Cost are within reason.
Construction Loan interest is appropriately sized	Y	Cost are within reason.
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 4.9%. Staff will allow since closing will occur in May 2022 and some soft costs have been spent during predevelopment.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 4 months and is consistent with HCD's Uniform Multifamily Regulations ("UMR's")

Capitalized Replacement Reserves are a minimum of $1,000 per unit (Rehab only)	N/A	N/A
Other standard: Transition Reserve for HCD	N/A	Not required for HCD's AHSC.
Other standard: Furnishings	Y	Costs are within reason.

6.5.5 Developer Fee Evaluation: The Sponsor is requesting the maximum development fee allowed under the Accelerator. The milestones for the payment of the developer fee are:

Total Developer Fee:	$2,200,000	
Project Management Fee Paid to Date:	$ 450,000	
Amount of Remaining Project Management Fee:	$ 650,000	
Amount of Fee at Risk (the "At Risk Fee"):	$1,100,000	
Amount of Fee Deferred (the "Deferred Fee"):	$ 0	
Amount of General Partner Equity Contribution (the "GP Equity"):	$ 0	See Section 6.5.1.6
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	**Amount Paid at remaining Project Management Fee Milestones**	**Percentage of Project Management Fee**
Project Management Fee Paid to Date	$ 450,000	41%
Receipt of Accelerator fund agreement and approval for Loan Committee	$ 100,000	9%
Construction close	$ 220,000	20%
Upon completion of 75% construction completion	$ 110,000	10%
Upon evidence of FHLB AHP application submission and receipt of TCO.	$ 110,000	10%
Project close-out	$ 110,000	10%
Total Cash-Out Project Management Fee	***$1,100,000***	***100%***
Milestones for Disbursement of that portion of Developer Fee defined as At-Risk Fee	Amount Paid at At-Risk Milestones	Percentage of At-Risk Fee
100% lease up and draft cost certification	$ 220,000	20%
Permanent conversion	$ 550,000	50%
Project close-out	$ 330,000	30%
Total At-Risk Fee	***$1,100,000***	***100%***

7 PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

7.1 Annual Operating Budget. The proposed operating budget is generally in compliance with MOHCD policies. The rents for the One-TI Replacement Units, Transition Units, and Lottery Units will support building operations, in addition to small amounts of revenue from building laundry.

The proposed Project will receive CoC rental subsidies on 71 One-TI Replacement Units ($21,741/unit in Year 1).

Tenant rents for 23 Transition Units in the MOHCD 1st year operating budget and 20-year cash flow is the rent on the re-lease of unit. Estimated Transition Unit rents represent the median rent of the existing Legacy Households. (See Section 4.11 for definition of Legacy Households.) While affordability restrictions on the Transition Units are over 100% City AMI, the Transition Unit rents are underwritten as follows:

		NET RENT CHARGED TO TRANSITION UNITS		**NET RENT CHARGED EQUIVALENT CITY AMI**	
Unit Size	City AMI Restriction on Transition Unit Only*	CDLAC Application (5/2021)	**Underwritten Rents in this Request**	CDLAC Application (5/2021)	**City AMI equivalent for underwritten rents**
2 BR	137%	$1,963	**$2,097**	65%	**70%**
3 BR	142%	$2,196	**$2,233**	66%	**67%**
4 BR	147%	$2,416	**$2,699**	67%	**75%**

* City AMI restrictions will only be applied after all Legacy Households on Treasure Island have received their transition benefit.

Loan Committee provided a preliminary loan commitment for the 2021 Round 2 bond application based on the lowest rents of Legacy and Vested Households, prior to an analysis of the Legacy and Vested Households rents was completed by TIDA and Mercy. Since then, an analysis has been done. Staff recommends using the median rent since some household rents will be above and below the amount in the chart above. Also, Mercy, TIDA, and staff hope that income qualifying Legacy and Vested households will enter the lottery for an income qualifying DAHLIA lottery unit.

Also, please note that the 23 Transition Units will be occupied by Legacy Households that have not exercised their transition benefit; the initial occupant rent and subsequent Legacy Household rents will have an annual rent increase based on the San Francisco Rent Board. For this loan request, the annual rental increase is at 1%. Tenant rents for all units are shown below.

Unit Type	City AMI	Number of Units	Max. Rent includes utility allowance	Max Tenant Paid Rent excluding utility allowances	Subsidy
1BR	60%	8	$1,731	$1,611	
1BR	75%	15	$2,055	$1,611	

	Subtotal 1-BR	***23***			
2BR	65%	2	$2,056	$1,912	
2BR	80%	3	$2,467	$1,912	
2BR [Transition Unit]	135%	4	$4,112	$2,097	
2BR	40%	51	$2,681 (contract rents)	$1,089 (Tenant Payment excluding Utilities)	CoC - $1,592
	Subtotal 2-BR	***60***			
3BR	70%	3	$2,375	$2,189	
3BR	85%	5	$2,850	$2,189	
3BR [Transition Unit]	140%	14	$4,750	$2,233	
3BR	40%	18	$3,600 (contract rents)	$1,239 (Tenant Payment excluding Utilities)	CoC - $2,391
	Subtotal 3-BR	***40***			
4BR	70%	3	$2,650	$2,418	
4BR	85%	4	$3,180	$2,418	
4BR [Transition Unit]	145%	5	$5,300	$2,699	
4BR	40%	2	$3,834 (contract rents)	$1,358 (Tenant Payment excluding Utilities)	CoC - $2,476
	Subtotal 4-BR	***14***			
MGR – 2BR	Unrestricted	1			
	TOTAL UNITS	**138**			

7.2 Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Debt Service Coverage Ratio ("DSCR") is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	N	DSCR is 1.10 at Year 1 and 1.23 at Year 17. The first year DSCR has to start above the MOHCD guideline because the DSCR trends down quickly in order to maintain a 1.15 DSCR throughout the term of the permanent loan as required by the permanent lender. Because of the large downward trend and lender DSCR requirement, staff request a waiver from this guideline and recommends approval.
For TCAC projects: Vacancy rate meets TCAC Standards *For non-TCAC existing projects:* Vacancy rate is based on project's historical actuals	Y	Vacancy is 5% on all unit types.
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5% on the 43 Lottery Units and 1% on the 71 One-TI Replacement Units supported by CoC. As required by MOHCD, on 23

		Transition Units the rents trend at 1%, as allowed by the Rent Board.
For TCAC projects: Annual Operating Expenses are increased at 3.5% per year *For non-TCAC existing projects:* Annual Operating Expense escalation is based on project's historical actuals	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	N	Total Operating Expenses are $12,688 per unit per year Operating Expenses are slightly higher than comparable MOHCD developments because of taxes paid on the Transition Units because it is assumed households are above 100% City AMI. Also, the project will pay $450 per unit per year in Master Association Fee, which is a fee charged to all TI developments to cover asphalt and paving protection and maintenance. The Master Association Fee includes cost to provide storm water maintenance, landscaping and maintenance for the midblock and sidewalk planted areas, pest control, sweeping sidewalks and mid-block easements.
Property Management Fee is at allowable HUD Maximum	Y/	Total Property Management Fee is $113,400 or $68.48 PUPM based on the HUD schedule.
Property Management staffing level is reasonable per comparables	Y	See below staffing chart in Section 7.3 - Staffing Summary, which includes total of 8.5 FTE property management staff (management, maintenance, and janitorial) and 1.0 FTE resident services coordinator
Asset Management and Partnership Management Fees meet standards	AM Fee: Y PM Fee: N/A	Annual AM Fee is $24,280/yr. Annual PM Fee is not allowed on MOHCD projects with Accelerator funds.
For TCAC projects: Replacement Reserve Deposits meet or exceed TCAC minimum standards *For non-TCAC existing projects:* Replacement Reserve Deposits meet project needs based on CNA	Y	Replacement Reserves are $500 per unit per year ("PUPY") exceeds TCAC minimum. $500 PUPY is consistent with HCD's UMR's. Also, Citibank requires a minimum replacement reserve of $300 PUPY.
Limited Partnership Asset Management Fee ("LPAMF") meets standards	N/A	As a Project receiving Accelerator financing, there are no tax credit investors on the project and the LP

		Asset Management Fee is not allowed on MOHCD projects with Accelerator funds.
Operating Subsidy: CoC	Y	This development will have 71 units set-aside for formerly homeless families.
Other Fee: Miscellaneous Admin Fee – One TI Fee	Yes, for TI affordable developments with One TI members.	Sponsor has agreed to pay One TI an annual housing services fee of $3,000 as described in Attachment A of the January 29, 2021 Evaluation. In the January 29, 2021 Evaluation the fee was paid after debt and reserves from remaining cash flow. In this request, the One TI Fee is paid with reserves before cash flow. annual operating expense. For more discussion of One-TI Fee, please see Attachment A.
Other Fee: TI Master Association Fee	Yes, for all developments on TI, except Maceo May	$450 PUPY Please note that the Master Association Fee is not paid on the first TI affordable housing development, Maceo May, because TICD had not determined the per unit cost. Since Maceo May has closed its financing, Master Association Fee cannot be added. However, all of TI affordable housing development will pay a Masters Association Fee.
Supportive Housing	N	See discussion below chart.

7.3 Staffing Summary. The staffing plan is also subject to further review by HSH; see Loan Condition at Section 9.3.2. Proposed project staffing is as follows:

Title	**FTE allocated to Project**
Office Salaries	
Assistant Property Manager	2.0
Desk Clerk/Community Coordinator	1.0
Housing Support Specialist	0.5
Regional Management Specialist [MOHCD Staff note: This operating staff position is onsite minimally and not calculated as onsite staff hour. However, operating budget has position at $25 PUPY.]	0.0
Subtotal	**3.5**
Management Salary	
Senior Property Manager	1.0

Subtotal	**1.0**
Maintenance/Payroll	
Maintenance Manager	1.0
Maintenance Technician	1.0
Janitor	1.0
Regional Maintenance Specialist [MOHCD Staff note: This operating staff position is onsite minimally and not calculated as onsite staff hour. However, operating budget has position at $36 PUPY.]	0.0
Subtotal	**3.0**
Supportive Services	
Resident Services Coordinator	1.0
Subtotal	**1.0**
Total FTEs and Expenses	**8.5**

7.4 Capital Needs Assessment & Replacement Reserve Analysis. N/A

8 SUPPORT SERVICES

8.1 Services Plan & Budget. On May 21, 2021, Loan Committee approved a supportive services amount of $100,000 for all units. This costs for services was confirmed and approved by the MOHCD Director of Residential and Community Services. While only 16 units are at City equivalent AMI/50% TCAC AMI based on bedroom size, the MOHCD Director of Residential and Community Services stated that residents that live in this Project cannot be excluded from services due to a standard like income, and real estate development staff should consider 66 households available for services. Also, TI is an isolated community, which adds to challenges and barriers for meeting needs of all residents regardless of income. As a comparison, in MOHCD RAD buildings MOHCD approved service coordinator full time equivalent ("FTE") salary for 60 units at $81,000 including fringe. Staff has accepted and assumes the budget for services that will be paid through the building's operation expenses and paid to Mercy is as follows:

$ 85,900 for FTE to service 66 units
$ 13,900 for supplies
$ 300 for travel/mileage and pay tolls
$100,100 Grand total for services

Mercy's draft services plan submitted in the 2021 Round 2 CDLAC bond application, had 1.67 FTE for a Catholic Charities case manager and 0.46 FTE for a service coordinator/other service specialist for the 71

units supported with CoC. These positions are currently not funded through the property's operating budget. HSH's existing agreement with Catholic Charities for Treasure Island allows coverage for 65 households with CoC rental assistance. HSH reports it can support a change to 71 units and this means the case management and service coordinator/other service specialist will be included in a separate agreement with HSH outside of the Project's operating budget.

MOHCD has accepted Mercy's services plan and budget submitted in the 2021 Round 2 CDLAC bond application, as the first draft. MOHCD and HSH require a second comprehensive budget and services plan that incorporates the CoC supported units and non-CoC supported units submitted to MOHCD and HSH 18 months before the temporary certificate of occupancy is received and/or planned for the Project. The final comprehensive budget and services plan is to be submitted 6 months before the temporary certificate of occupancy is received and/or planned for the Project. The overall services plan must include a narrative about Mercy and Catholic Charities services approach to the CoC supported units, Lottery units, and Transition Units. The Services Plan must delineate programming and positions covering the three type of units at the Property. The services budget must show all services positions and have a source and use services budget showing sources and expenses covered by HSH and/or the Property.

8.2 HSH Assessment of Service Plan and Budget. MOHCD staff accepted the service plan submitted with the 2021 Round 2 CDLAC bond application as the draft services plan and a draft budget was submitted with the preliminary gap loan application. Within 12 months of anticipated TCO and simultaneously with the marketing plan, Sponsor must submit near final services plan and budget to MOHCD and HSH for review and approval.

9 STAFF RECOMMENDATIONS

9.1 Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	$32,412,810
Loan Term:	55 years
Loan Maturity Date:	2077
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	May 18, 2021

Financial Description of Proposed AHP Bridge Loan

Loan Amount:	$1,250,000
Loan Term:	3 years with possible extension to 55 years if not awarded AHP
Loan Maturity Date:	2024
Loan Repayment Type:	Due in full on maturity date
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	March 18, 2022

Financial Description of Proposed AHP Bridge Loan	
Loan Amount:	Up to $5,000,000
Loan Term:	2 years with possible extension to 55 years
Loan Maturity Date:	2024
Loan Repayment Type:	Due in full on maturity date
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	March 1, 2022 to cover cost that may be completed prior to this loan approval.

9.2 Loan Conditions Required for Construction Loan Closing

1. Borrower must submit fully executed MOU between Mercy and Catholic Charities outlining capital payment of $220,000 and services related to One TI relocation and during property operations.
2. Borrower must submit fully executed Property Management Agreement between Borrower and selected management company.
3. Borrower must submit a draft communication plan.

9.3 Recommended Loan Conditions

1. Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update, including on:
    1. Community outreach completed, and
    2. Outcomes achieved related to racial equity goals, and
2. Sponsor must submit to MOHCD and HSH 18 months before the temporary certificate of occupancy is received and/or planned for the Project a second comprehensive budget and services plan that incorporates the CoC supported units and non-CoC supported units. Six months before the temporary certificate of occupancy is received and/or planned for the Project, Sponsor must submit the

final comprehensive budget and services plan to MOHCD and HSH. The overall services plan must include a narrative about Mercy's and Catholic Charities' services approach to the CoC supported units, Lottery units, and Transition Units. The Services Plan must delineate programming and positions covering the three types of units at the Property. The services budget must show all services positions and have a source and use services budget showing sources and expenses covered by HSH and/or the Property.

3. Sponsor must submit near final services plan and budget to MOHCD and HSH for review and approval within 12 months of anticipated TCO and simultaneously with the marketing plan.
4. Prior to submission of the Marketing Plan that includes a TI Resident Selection Criteria, Mercy must submit a new marketing plan to verify that the City AMI restricted/60% TCAC AMI rents are below market and the rents may be set at 60% City AMI. Affordability restrictions at the time of this loan request are restricted to City AMI restricted/60% TCAC AMI while the rent is set at 55% City AMI rent. If higher rents are accepted, Mercy and Citibank are required to increase the permanent loan. City loan will be reduced by the equivalent amount raised on the permanent loan.
5. Prior to submission of the Marketing Plan, Sponsor must spread the mobility and hearing impaired unit proportionally through the Transition, DAHLIA Lottery, and One TI Units and state designation in the Marketing Plan.
6. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including Legacy Households, Legacy Residents, Vested Residents, COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans. Significant coordination with TIDA will be required in advance of the final Marketing Plan.
7. Sponsor must apply to FHLB for AHP loan in maximum amount for which competitiveness can be achieved (estimated to be $1,250,000 at this time.) If not awarded, Sponsor will continue to apply for FHLB until temporary certificate of occupancy is received.
8. Post conversion, when all Legacy Households have exercised their transition benefit, and the Sponsor are planning to rent the unrestricted Transition Units, Sponsors must conduct a

neighborhood level market study to establish the rent in the Transition units and to ensure that the rent is not lower than 20% below market.

10 LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

_____ Date: _____
Eric D. Shaw, Director
Mayor's Office of Housing

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

_____ Date: _____
Salvador Menjivar, Director of Housing
Department of Homelessness and Supportive Housing

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

_____ Date: _____
James Morales, Interim Executive Director
Office of Community Investment and Infrastructure

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

_____ Date: _____
Anna Van Degna, Director
Controller's Office of Public Finance

Attachments: A. Summary of Treasure Island, TICD, One-TI, and Development Agreement
B. Project Milestones/Schedule
C. Borrower Org Chart
D. Developer Resumes
E. Asset Management Analysis of Sponsor
F. Site Map with amenities
G. Elevations and Floor Plans, if available
H. Comparison of City Investment in Other Housing Developments
I. Predevelopment Budget - N/A
J. Development Budget
K. 1st Year Operating Budget
L. 20-year Operating Pro Forma

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, March 18, 2022 11:48 AM
To: Chavez, Rosanna (MYR)
Subject: Treasure Island Parcel C3.1 Request for Final Gap Financing

I approve

Eric D. Shaw
Director/ Interim Director HopeSF

Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, March 18, 2022 4:59 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: TREASURE ISLAND PARCEL C3.1

I approve Mercy Housing California requests for a total gap loan in the amount of up to $33,452,317 for Treasure Island Parcel C3.1.

Best,

salvador

Salvador Menjivar
Director of Housing
Pronouns: He/Him
San Francisco Department of Homelessness and Supportive Housing
salvador.menjivar1**@sfgov.org** | 415-308-2843

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Chavez, Rosanna (MYR)

From: Colomello, Elizabeth (CII)
Sent: Friday, March 18, 2022 11:42 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Treasure Island Parcel C3.1 Request for Final Gap Financing

Hi Rosie-
I approve the subject request on behalf of OCII.
Thanks!
Elizabeth

office of COMMUNITY INVESTMENT and INFRASTRUCTURE
OCII

Elizabeth Colomello
Housing Program Manager

One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
415.701-5518, Cell 415.407-1908
www.sfocii.org

Chavez, Rosanna (MYR)

From: Pereira Tully, Marisa (CON)
Sent: Friday, March 18, 2022 11:41 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Final gap financing for Treasure Island C3.1

Approve

Marisa Pereira Tully (she/her)
Controller's Office of Public Finance
City and County of San Francisco

Attachment A:
Summary of Treasure Island Development Authority, Treasure Island Development Corporation, LLC, One Treasure Island, Development Agreement and Existing Treasure Island Households

The purpose of this Attachment A is to summarize and contextualize the history of Treasure Island and Yerba Buena Island and its key stakeholders, specifically to contextualize certain underwriting assumptions in the MOHCD loan evaluation. This attachment is comprised of the following sections: Background, Vision/Equity, Public Private Partnership, Horizontal Development, Community Planning and Amenities, Authorizing Agreements, and Existing Treasure Island Households.

I. BACKGROUND

Treasure Island ("TI") was constructed as one of the most visible of President Franklin D. Roosevelt's Works Progress Administration projects and was host to the Golden Gate International Exposition in 1939 and 1940. Treasure Island was activated as a United States Naval Base in 1940 and played a substantial role in both World War Two and the Korean War. TI was used as a center for receiving, training and dispatching personnel. After the war, the Island was used as a training and administrative center.

In 1993 the Federal Government placed the Naval Station Treasure Island ("NSTI") on its Base Realignment and Closure list, and the United States Department of Defense subsequently designated the City and County of San Francisco (the City) as the Local Reuse Authority ("LRA") responsible for the conversion of the Base to civilian use under the federal disposition process per the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (the "Act"). In 1994, the City began to conduct hearings and community meetings which informed the redevelopment plan that would eventually result in a new San Francisco neighborhood incorporating residents of all socio-economic backgrounds. NSTI was formally decommissioned in 1997.

In 1997, the City formed the Treasure Island Development Authority ("TIDA") as a redevelopment agency under California law, and designated it as the new Local Reuse Authority.

After formation in 1997, TIDA initiated formal negotiations with the Navy. The Navy contracted with the City (and subsequently TIDA) to manage the property pending negotiations for its transfer and redevelopment. As part of managing TI on behalf of the Navy, TIDA began subleasing at market rates a portion of the former military housing now known as The Villages at Treasure Island ("The Villages") through a master lease with The John Stewart Company, and directly leasing space to a variety of commercial tenants.

In 2003, TIDA selected Treasure Island Community Development LLC ("TICD") for exclusive negotiations for the master redevelopment of TI.

The Board of Supervisors approved the development plan in 2006 (and amended its approval in 2010), which was conditioned on completion of environmental review under the California Environmental Quality Act ("CEQA").

The Development Agreement ("DA"), dated June 28, 2011, vests the master plan's entitlements for thirty years and any vertical project is then approved by the Planning department under a process outlined in the DA. The DA, unanimously approved by the Board of Supervisors, forms the basis for the Disposition and Development Agreement ("DDA") between TIDA and TICD, and governs respective rights and obligations for the redevelopment of portions of TI and Year Buena Island (YBI) and calls for the development of up to 8,000 residential units in a series of Major Phases and Sub-Phases.

As of the signing of the DDA between TIDA and TICD there were approximately 600 existing former Navy housing units occupied by households living in both affordable units for formerly homeless households and market rate units. These households have certain rights and benefits and are described in detail below.

A CEQA lawsuit was filed against the project but was unsuccessful. It did serve to delay the project.

Portions of Treasure and Yerba Buena Islands were formally transferred from the Navy to TIDA in May 2015. Land for the first two sub phases of the redevelopment plan was transferred to TICD in February 2016.

Initial market rate home construction began on YBI in June 2019 and is scheduled for completion in Q2 2022. The first vertical construction on Treasure Island began in 2020 with Maceo May Apartments, an affordable housing development for homeless and low-income veterans by Swords to Plowshares in partnership with Chinatown CDC and is scheduled for completion in Q4 2022.

In 2019, TICD submitted its application and approvals to complete horizontal work for the second sub-phase. The Street Improvement Permit is expected later this year.

On March 1, 2021 MOHCD and TIDA executed an MOU defining roles and responsibilities for development, marketing, and compliance monitoring all affordable, inclusionary and Transition Units.

By 2025 it is projected that 1,171 units in 11 projects will be completed. This includes 243 affordable units in affordable housing developments ground leased by TIDA and 928 market rate units (including 64 inclusionary units) on Treasure Island and Yerba Buena Islands.

II. VISION/EQUITY

The overall development plan calls for approximately 8,000 homes (with 2,173 homes/27.2% affordable), 300 hotel rooms, 550,000 square feet of retail and commercial space, and 290 acres of public open space representing 75% of the geographic area.

Treasure Island will be a model for sustainability and is the largest and highest scoring project to target Platinum rating under the LEED Neighborhood Development program.

The Transportation Plan for Treasure Island promotes pedestrian and bicycle mobility, provides strong public transit options and de- emphasizes vehicle use. New privately subsidized ferry service is commencing Q1 2022 and is expected to be privately subsidized for 2-3 years when the WETA will assume operations. As additional residents move to TI and YBI, MUNI bus service will be enhanced, new AC Transit bus service to the East Bay will commence and an on-island shuttle from the transit hub to the new neighborhoods will begin service.

The island will have congestion-pricing to encourage transit usage and discourage peak-time auto travel. Subsidized transit passes and discounts to services like car- and bike-share will make transit affordable and accessible to longtime residents and people living in below market-rate housing.

The redevelopment of Treasure and Yerba Buena Islands creates a brand new neighborhood for existing and new residents with equity principles baked into its core. From inception, the plan has included over 27% of housing units to be affordable, with units reserved for homeless households integrated into the affordable units and the affordable units integrated throughout the market rate units. All janitorial and landscaping in TIDA operated spaces, such as Building One and most of the public open space, are performed by One Treasure Island members Toolworks and Rubicon landscaping, which provide job training and work opportunities for economically disadvantaged people and/or people with disabilities. Twenty five percent of all new construction jobs and 25% of all new permanent jobs are set-aside for economically disadvantaged San Franciscans that face barriers to employment per the DDA. Parks, open space, community facilities and retail strategies are conscientiously being developed to foster inclusion and integration. From inception, equity has been at the heart of Treasure Island redevelopment planning and implementation.

III. PUBLIC PRIVATE PARTNERSHIP

There are three key entities leading the development process.

Treasure Island Development Authority

The Treasure Island Development Authority (“TIDA” or the “Authority”) was formed in 1997 as a non-profit, public benefit agency dedicated to the

economic development of the former NSTI and the administration of municipal services thereon. It is governed by its own Board of Directors.

Treasure Island Community Development, LLC (principal developer)
The Treasure Island Development Corporation LLC ("TICD") is a joint venture between Lennar Urban and KSWM and is the principal developer. Members of KSWM include: Stockbridge Capital Group; Wilson Meany Sullivan LLC; and Kenwood Investments, LLC.

One Treasure Island
One Treasure Island (One TI) (formerly known as the Treasure Island Homeless Development Initiative or TIHDI), is a California nonprofit public benefit corporation that was formed in June 1994 for the purpose of utilizing the structural and economic development resources of the former NSTI to create a vibrant, inclusive community that provides pathways for economic advancement for lower-income and formerly homeless San Franciscans. One TI achieves its mission through affordable housing, jobs, community building, and advocacy. One Treasure Island is a membership organization committed to fostering an equitable, inclusive, and thriving community for all Treasure Island residents, employees, businesses, and visitors emphasizing inclusion by lower-income households and those who have experienced homelessness.

IV. HORIZONTAL DEVELOPMENT

Yerba Buena Island is a natural island and Treasure Island is man-made. Before vertical construction can begin significant infrastructure, improvements were needed and will continue.

TICD's application for Major Phase I development was submitted in 2014 and approved by TIDA in May 2015. TIDA oversees the delivery of infrastructure and geotech work, supported by the City's Public Works Task Force and construction inspections through the City's Department of Building and Inspection.

Demolition of the existing buildings in Stage 1 (the area including the affordable parcels) and infrastructure work for new water tanks that serve Treasure Island and Yerba Buena Island and Phase I geotechnical mitigation work has all been completed and street infrastructure is underway. The infrastructure and geotechnical scope is described below.

Infrastructure and Geotechnical Work
The Geotechnical Conceptual Design Report for Treasure Island, completed February 2, 2009, describes soils comprised of 30-50 ft of sand fill and 20-120 feet of young bay mud, underlain by firmer soils. It also states that the island perimeter could be destabilized by liquefaction. The geotechnical improvement program for Treasure Island has four primary

components and each component will be completed within a phase of infrastructure improvements. The four primary components are:

- Reconstruction of the causeway connecting Treasure Island and Yerba Buena Island. The causeway is almost complete and has been reconstructed in its entirety – excavated to near sea level, cement deep soil mixing ("CDSM") employed to strengthen soils below sea level and then reconstructed using appropriate engineered fill to the intended finished elevation.
- Improvement of Island Perimeter – the perimeter of the island will be strengthened employing a combination of stone columns and CDSM walls to mitigate lateral spread of the island following the subsidence of off-shore materials in a seismic event.
- Vibratory Compaction – Throughout the area of vertical development, including the street areas, the fill materials and underlying naturally deposited sands on which the island rests will be consolidated through vibratory compaction through their 50'-70' depth. This is intended to mitigate the potential for liquefaction during future seismic events by pre-consolidating these fill materials.
- Surcharging – following compaction of the materials from which the island was constructed, imported soil will be stockpiled on the development areas to simulate the dead weight of the future buildings and other improvements. This weight will induce the consolidation of the bay mud which underlies the sandy fill materials to mitigate settlement that would otherwise occur after the future buildings are constructed. After surcharging, the imported soil will be removed from the site to achieve the desired finished site elevation.
- Increasing the soil capacity also allows buildings up to 7-stories to be supported on conventional foundations. Taller buildings will require deep foundations.

<u>Seal Level Rise Mitigations</u>
The redevelopment of Treasure Island has been designed to account for sea level rise. Our adaptive management strategy includes:

- Raising the island to guard against sea level rise, including wave run-up.
- All streets will be at least 36 inches higher than the Base Flood Elevation. All ground floors will be 42 inches higher than the FEMA Base Flood Elevation.
- The perimeter of the island will be geotechnically improved. The crest elevation of shoreline structures will be 16-32 inches higher than currently required to mitigate any extreme events, such as tsunamis, high tides and storm surges.
- All residential buildings on the West and North side will be set back at least 350 feet from the shoreline so that the island buffer perimeter can

be improved if sea levels continue to rise beyond current projections. This will be financed by a Community Facilities District that will raise $1.2 billion over 99 years for improvements to mitigate against future sea-level rise.

In June 2020, TIDA was awarded a $30 million State of California Housing and Community Development ("HCD") Infill Infrastructure Grant Program ("IIG") funds to conduct a portion of the infrastructure work. The grant is sitewide for Treasure Island and requires affordable housing to be constructed, but none of the IIG funds will be applied to individual TI affordable housing developments.

V. COMMUNITY PLANNING AND ISLAND AMENITIES

When the Navy vacated Treasure Island in 1997, all community services such as childcare, recreation, and youth programming ceased to operate and non-code compliant playgrounds were removed. One TI developed a Services Plan that included the reuse of existing facilities to provide community services. The Community Services and Facilities Plan is updated regularly, most recently in 2021. These services were and are seen as critical in both supporting island residents while building opportunities to create a new neighborhood through shared experiences and mutual needs. As part of actively planning for community services and facilities, One TI has also worked with Triple Aim/National Initiative on Mixed Income Communities for strategic guidance, is developing Equity Indicators research and monitoring and working with TIMMA/SFCTA to conduct a Supplemental Transportation Needs Assessment for current TI residents.

The purpose of this section is to describe current amenities on Treasure and Yerba Buena Islands as well as the amenities that are expected to be complete by the time that TI-C3.1 is projected for completion, with a focus on amenities and facilities that are family friendly.

Parks, Playgrounds, Open Space

Approximately ½ mile from the project site (across the street from the restaurant MerSea, at 9th street) is a public playground, picnic area, and dog park.

Residents also enjoy the Perimeter Path - a walking trail along the Bay and a beloved community features for TI residents.

A portion of Waterfront Plaza in front the Ferry Terminal is expected to open in March 2022 with the entire park scheduled for completion by October 2022. The causeway stormwater garden and associated pedestrian facility including access to the Clipper Cove beach at the east Causeway is also near completion.

On Yerba Buena Island Hilltop Park, a new dog park, and Pier E-2 (at the end of Northgate Road at the east of YBI) are all scheduled to open in April 2022

In addition to the formal parks, pocket parks are planned all around the Shared Public Way which is a car-free bike and pedestrian corridor and many of these improvements will be close to completion by the time the Treasures Island Parcel C3.1 is occupied.

Today, residents have access to baseball, soccer and rugby fields. In addition, a new soccer / sports facility at 9th Street and Avenue M is underway by SF Glens and SF Little league is constructing a replacement baseball field at 8th Street and Avenue M.

Future parks include a Cultural Park by the Chapel and Cityside Park on the western shore, and The Wilds on the northern portion of Treasure Island but no timetable is available for these parks at this time.

Childcare
Catholic Charities runs the current childcare facility on the Island, with 18 enrolled students and a waitlist. The center has capacity for 100 children, but staff capacity currently constrains enrollment. The center will also be available to TI-C3.1 residents.

Schools
Currently, the Life Learning Academy operates a charter high school with 50 students and including 24 students living in the dorm. At this time SFUSD is not operating the existing school facility but SFUSD intends to open a school on Treasure Island in the future.

The YMCA
The Treasure Island Y offers recreation, integrated programs and partnerships throughout the community. The fitness center serves 1,000 members and is free to all Treasure Island residents. Programs and classes respond to community health and wellness needs. Youth programs operate 7 days per week and include a K-8 summer program with excursions. The YMCA currently operates out of the gymnasium facility's basketball courts, three built- out rooms and kitchen.

Ship Shape Community Center
The community center has been operated by One TI for over 20 years and is used for community events and meetings, trainings, a weekly food pantry (serving an average of 200 households a week with staples and fresh produce during COVID-19), a free tax preparation site and a free computer lab.

Library
The San Francisco Public Library operates a weekly bookmobile that parks in front of Ship Shape and YMCA 1-2 days per week. Planning is currently under way for a library kiosk that is projected to be in operation by the time Treasure Island C3.1 is occupied.

Sailing Center
The Sailing Center has been in operation since 1999. The center offers pro-bono programs and scholarships for underserved youth; it serves the Life Learning Academy students, among others. The facility provides services both for elite athletics programs and for local, low-income populations who may not have basic water safety skills.

Grocery Store
Island Cove Market, is a full service grocery store (excluding alcohol) totaling approximately 10,000 square feet in Building 201, 800 Avenue H. Island Market & Deli is a convenience store totaling approximately 410 sq. ft and is located in Building 1.

Community Clinic
The San Francisco Department of Public Health's (DPH) Treasure Island Community Clinic is administered by DPH's Maxine Hall Health Center and is located in a portion of the YMCA. The clinic is staffed by a nurse who provides advice, referrals and drop-in treatment of minor urgent issues. The service is intended for low-income families in order to refer and connect them to primary care if they are not already connected.

Treasure Island Museum
This is a small museum in Building 1 with plans underway for a new and bigger space in Building 1. It envisions having a responsibility to communicate Treasure Island's continuous role in innovation, arts and architecture and to help knit together the residential community. The Museum's place of prominence means it is in a position to introduce visitors to Treasure Island and can also build a sense of place and tell the story of Treasure Island.

VI. AUTHORIZING AGREEMENTS

The purpose of this section is to summarize the authorizing legislation that governs redevelopment. This section also describes enforcement mechanisms to ensure that the principal developer meets its obligations as well as describes revenue sources for affordable housing that are generated by the project. This section first focuses on the Disposition and Development Agreement and then The Amended and Restated Base Closure Homeless Assistance Agreement.

Disposition and Development Agreement
TIDA oversees the redevelopment of Treasure Island and Yerba Buena Island. The Disposition and Development Agreement (the "DDA") dated June 29, 2011 is central to the development of Treasure Island and Yerba Buena Island and guides the work of TIDA. The DDA addresses the obligations of the Treasure Island Community Development, LLC ("Principal Developer") and TIDA with regard to developing infrastructure, housing, commercial and open spaces on Treasure Island/Yerba Buena Island. The DDA also establishes that TIDA will

sell or ground lease developable lots to vertical developers in accordance with land use documents including a General Plan Amendment, Development Agreement, and Design for Development. Salient features of the DDA with respect to affordable housing are described below.

Housing Plan. The DDA contains a Housing Plan that specifies the opportunities and obligations for the development and construction of affordable housing units that have been agreed upon by TIDA and the Principal Developer. The Housing Plan in the DDA allows for the development and construction of up to 1,866 Authority Housing Units including 435 units reserved for homeless households and up to 307 Inclusionary Units, for a total of up to 2,173 Affordable Housing Units representing over 27% of all residential homes when Treasure Island and Yerba Buena Island are fully developed.

The TIDA Housing Projects include affordable units that will be rented to low income households spanning a wide range of affordability and may include Transition Units. A detailed description of the rights and benefits of Legacy Households are described below in the next section of this Attachment.

TIDA Housing Projects will be developed by Qualified Housing Developers (as defined in the DDA), and minimally the 435 units for homeless households will be developed by One TI member organizations.

Approximately 21.7% of the acreage of the developable residential pads will be available in 20 parcels to be used for the development of these affordable housing units.

Treasure Island Investment and Principal Developer enforcement mechanisms. The DDA governs enforcement mechanisms to ensure development completion by the Principal Developer. TICD provided Payment and Performance Bonds to TIDA for the infrastructure, utilities, geotechnical improvements and other obligations under the DDA. Further assurances for performance are also provided through the DDA via a Right of Reversionary Quitclaim deed which is recorded on title in the event that TICD were to fail to make the improvements required in each sub phase.

While any undertaking of this infrastructure and geotechnical scope, depth and breadth carries risk, it's worth acknowledging the deep investments that have already been made by the City and TICD, the most significant being the City's approval of an equity and construction loan guarantee of Parcel 3.2 - Maceo May, a 100% affordable housing development for homeless and low income veterans. While this loan guarantee will not be available to other commercial lenders of the affordable housing developments, the guarantee demonstrates the City's commitment to TI affordable housing development.

Other deep City and TICD investments are Treasure Island's creation of its own transportation management agency, the Treasure Island Mobility Management Agency (TIMMA), which has successfully achieved State legislation authorizing congestion toll pricing. TIDA has also created its Infrastructure Financing District in order to start accruing tax increment and the first tranche of IRFD proceeds for affordable housing is expected by Q3 2022.

TICD has invested well over $100 million into the approval process for the DDA and its Major Phase and Sub-phase plans. The Principal Developer continues to deliver Payment & Performance bonds totaling several million dollars for the various scope of work for which it its responsible. The Principal Developer has invested heavily and would lose the right to develop if it does not deliver on the horizontal and then the vertical improvements.

Treasure Island-specific revenue opportunities. Per the DDA, TICD is required to provide a payment of $17,500 per market-rate unit at the transfer of a market rate lot to a vertical developer to subsidize the affordable units. These funds, as well as tax increment financing generated by a new infrastructure financing district, and typical Jobs-Housing Linkage fees related to commercial space development, will help finance the affordable units. However, these funds were not available for the first affordable housing development, Maceo May, which was funded by City affordable housing sources. It is anticipated that Treasure Island Parcel C3.1, developed by Mercy, will receive some of the first tax increment financing. Depending when the funds are available, the funding will either be an upfront commitment or made through an amendment allowing the funds to replace committed City funds.

TIDA intends to request a forward commitment from TICD if needed in order to accelerate the development of future projects. The ability to request a forward capital commitment from TICD was contemplated in the DDA Section 8.4(e) of the Housing Plan in order to help transition Legacy Households (described below).

The Amended and Restated Base Closure Homeless Assistance Agreement
One Treasure Island ("One TI") (formerly the Treasure Island Homeless Development Initiative ("TIHDI") was formed in 1994 and is a non-profit membership organization committed to developing the homeless component of the land use plan for redevelopment.

The Amended and Restated Base Closure Homeless Assistance Agreement ("Base Closure Agreement") dated June 28, 2011 outlines all TIDA obligations with respect to housing and services for current and formerly homeless individuals and families to be provided by One TI and also governs certain new

housing, employment and economic development opportunities that are managed by One TI in four broad categories:

- **Housing for homeless households:** At least 435 units (total including replacement units)
- **Employment:** 25% hiring goal for construction and permanent jobs
- **Economic Development:** Service Contracts and social enterprises that hire and train people with barriers to employment
- **Services:** Spaces for community center, youth services and administrative offices

The Agreement also describes replacement unit obligations for current residents and is described in detail below.

VII. EXISTING TREASURE ISLAND RESIDENTS

As of the signing of the DDA between TIDA and TICD in 2011, there were 250 existing affordable housing units for formerly homeless households and approximately 350 existing market rate housing units on all of TI. There is no physical distinction between the market rate units and the affordable units. The former Navy housing is comprised of a scattered site 2-4 bedroom units in predominantly 6-8 unit buildings. This section describes current Treasure Island demographics (no residents currently live on YBI) and the rights and benefits of both the market rate households and the formerly homeless households living in One Treasure Island units.

Demographics

In May 2020, an audit provided a count of residents currently residing within Treasure Island's housing units, including those who reside at the Job Corps Center. According to U.S. Census Bureau data since base closure, the age profile of Island residents has skewed younger (median age of 26.2 during the 2010 census) than San Francisco as a whole (median age of 36.3) and the greater San Francisco/Oakland/Hayward Metro area (median age of 38.8). The population on the Island has included 50% more children and a higher percentage of young adults than in greater San Francisco.

Also, according to 2010 census data, higher percentages of Treasure Island residents identified as Black, Native Hawaiian or Other Pacific Islander and American Indian or Alaska Native than in San Francisco as a whole and the Metro area. Much higher percentages of Treasure Island residents also selected the categories of "Other" and "Two or More Races", and twice as many Island residents identified as Hispanic or Latino than in San Francisco citywide.

The 2010 data set also showed that Island residents have lower incomes than the Metro area and significantly lower incomes than San Francisco as a whole. According to the data, median household income for Island residents was 44%

lower than for the City as a whole, and more than 48% of Island residents were below the poverty level, compared to about 11% citywide.

At the time of the audit, Treasure Island had 117 businesses with approximately 888 employees, working in a variety of sectors: manufacturing, transportation, construction, real estate, healthcare, and public administration sectors. Employment was disrupted in 2020 with the COVID-19 pandemic. The effect of the pandemic on Island businesses is not yet known.

At buildout, Treasure Island overall compared to San Francisco as a whole is projected to be more diverse, with a smaller percentage of residents identifying as white, a higher percentage identifying as Black and a slightly higher percentage identifying as two or more races. The income levels expected on the island will also be different from San Francisco as a whole, with most residents at the higher and lower ends of the income spectrum and a small amount of moderate- and middle- income residents. This is a direct result of the commitment to inclusionary and affordable housing.

The Villages at Treasure Island Households and Transition to New Housing
Market rate housing on Treasure Island is operated by the John Stewart Company and the development is called The Villages at Treasure Island (The Villages). As of the signing of the DDA between TIDA and TICD in 2011, there were approximately 350 existing market rate housing units. As of January 2022, 167 households (or household members) were living at The Villages at the time the DDA was executed.

The DDA contains a Housing Plan that specifies the opportunities and obligations for the development and construction of affordable housing units that have been agreed upon by TIDA and TICD. The Housing Plan also includes the Transition Housing Rules and Regulations (the “Transition Regulations”; Attachment C of the Housing Plan), which defines the replacement unit obligations and other benefits that apply to market rate tenants living at The Villages at the time the DDA was executed. TIDA is solely responsible for coordinating and providing benefits and services to eligible households and residents per the Transition Regulations, and TIDA will ensure that Transition Units are provided as needed within Authority Housing Projects in order to meet its replacement housing obligations under the Housing Plan. (“Authority Housing Project” is defined in the DDA and includes affordable units that will be rented to low income households spanning a wide range of affordability and may include Transition Units.) Transition Units are apartments that are not income restricted at initial occupancy and are designated for Legacy Households only. Transition Units become income restricted after all Legacy Households have received a Transition Benefit. Rent for the Transition Unit is based on current rent adjusted annually per rent increases allowed by the Rent Board.

The Transition Regulations were modified as requested by Board of Supervisors Resolution No. 476-19 and as approved by the TIDA Board Resolution no. 19-

28-1211 to provide an affordable housing preference for new Treasure Island affordable units to income qualifying market rate residents who moved into The Villages subsequent to June 30, 2011 and were still residents in good standing on December 11, 2019.

In sum, TIDA recognizes three categories of household and individual eligibility for new Authority Housing Units, Transition Units, and Inclusionary Units broadly summarized below:

1) **"Legacy Household"** (formerly referred to as "Pre-DDA Household") is a current household in good standing that has continuously rented and occupied an apartment at The Villages prior to the execution of the DDA. Only Legacy Households can occupy a **Transition Unit**.

2) **"Legacy Resident"** is a current resident in good standing living in a Legacy Household that has continuously rented and occupied an apartment at The Villages prior to the execution of the DDA.

3) **"Vested Resident"** (formerly referred to as "Post-DDA Household") is a current resident who has rented and occupied an apartment at The Villages whose tenancy began after June 29, 2011 and before December 11, 2019. All households that moved to TI after the DDA was approved in June 2011 were made aware of the temporary nature of their tenancy and that they are ineligible for transition benefits.

All existing residents living at The Villages will eventually be obligated to move as existing housing is demolished over time.

As of February 2022 TIDA, estimates that 310 households fall into the categories above representing approximately 820 individuals. Most notably, 164 households living at The Villages today are eligible for a Transition Unit.

The Legacy Households, regardless of income, will receive transition benefits from TIDA in the form of a Transition Unit and moving services or lump sum payment or down payment assistance. Legacy Residents and Vested Residents also receive a preference for affordable housing units if they income qualify via DAHLIA that can be used for new affordable units and inclusionary units. Vested Resident preferences are subordinate to Legacy Residents.

Significant collaboration has already occurred between MOHCD and TIDA to establish the Treasure Island Resident preference on DAHLIA. The first opportunity for Legacy and Vested Residents to use this preference is for 14 for-sale inclusionary units at the Bristol on Yerba Buena Island. The Bristol lottery occurred February 2022 and 9 applicants entered the lottery using their Treasure Island Resident preference number.

As mentioned, Legacy Households are entitled to replacement units per the conditions described as described in the Transition Regulations section of the DDA. MOHCD and TIDA will regularly monitor the delivery of development fees for the affordable projects throughout the build-out of Treasure Island.

One Treasure Island Households and Transition to New Housing

One TI member organizations currently operate 260 units of housing on Treasure Island. The specific member organizations and number of current units occupied by One TI members include: Catholic Charities (71 units), HomeRise (formerly Community Housing Partnership) (114 units), Swords to Plowshares (31 units) and HealthRIGHT 360 (44 units used to operate housing residential treatment and transitional housing beds).

One TI units are supported by Continuum of Care contracts or other federal, state, or local operating subsidy. Existing operating subsidy contracts of these units will be transferred to the owner of the affordable housing development directly or through a MOU and/or letter between the nonprofit who is the recipient of the operating grant agreement and owner of the new affordable development. Existing One TI households in good standing are guaranteed a new replacement unit in a new affordable building.

One TI Units are guided by the Base Closure Agreement. The Base Closure Agreement outlines all TIDA obligations with respect to housing and services for current and formerly homeless individuals and families to be provided by One TI and also governs certain new housing, employment and economic development opportunities that are managed by One TI. Replacement unit obligations are detailed in Exhibit E to the Base Closure Agreement, the One TI Transition Housing Plan.

The One TI Transition Housing Plan establishes the rights and benefits of One TI households to a new unit and to moving benefits and services. Households and residents who reside in One TI Units are not eligible for benefits under the Transition Regulations within the Housing Plan of the DDA.

One TI unit replacement is planned to be completed within the first five Authority Housing Projects in order to meet the terms of the Agreement. The first 5 affordable projects on Treasure Island assume replacement units for the existing 260 One TI units. One TI worked with all its member housing service providers (Swords to Plowshares, Catholic Charities, HomeRise, Healthright 360) to determine the order of replacement units which is also informed by available funding sources at the time the land is available for construction.

Swords was the first project selected to proceed, with Chinatown Community Development Corporation as its development partner. Catholic Charities was the second project to proceed, with One TI member Mercy Housing California as its development partner. The third and fourth projects will include replacement of HR360 and HomeRise (formerly Community Housing Partnership) units. TIDA and MOHCD both approved the order and process. Below is a chart showing the

One TI housing services providers, the selected housing development partner, estimated number of units and the percent of each existing pre-DDA household by unit type living on Treasure Island in comparison to the first five affordable housing developments on TI.

	EXISTING LEGACY UNITS		AFFORDABLE DEVELOPMENTS WITH DEVELOPMENT STATUS & LEGACY UNITS BY UNIT MIX FOR EACH AFFORDABLE DEVELOPMENT				
Unit Type by Bedroom	All Current Legacy Units by Unit Mix as of 12.29.20	% of Legacy Units to total Legacy Units	In Construction C3.2 Maceo May	Proposed C3.1 Mercy + CC	In Planning IC4.3 or E1.2 CHP + TBD Developer (a)	In Planning E1.2 or E2.3/.4 HR360 +Mercy (b)	In Planning IC4.3 or E6.1 TBD Developer (c)
0	0	0%	24	0	0	TBD	TBD
1	0	0%	47	23	0	TBD	TBD
2	32	17%	33	60	60	TBD	TBD
3	85	45%	0	40	41	TBD	TBD
4	72	38%	0	14	12	TBD	TBD
Mgr's Unit	Unknown	N/A	1	1	1	TBD	TBD
Total	**189**	**100%**	**105**	**138**	**114**	**0**	**0**

Notes:
(a) No Legacy units assumed for this parcel
(b) 10% of units in MHC portion of parcel will be for Legacy Households and up to 20% will be for homeless households
(c) It is anticipated that any Legacy Household that has not taken an in-lieu payment, or an inclusionary unit, or a Transition unit in an Authority building will be housed in this development

<u>One TI Services Fee.</u> Pursuant to the One TI Member Organization Policy dated January 1, 2019, participating Member Organizations must agree to provide any of the following services for activities for persons living or working on Treasure Island: affordable housing development, affordable housing operations, supportive services, community services, job referrals, job placements, or job training in furtherance of One TI's mission on Treasure Island and in accordance with One TI's Agreement with TIDA.

For Member Organizations that are housing developers, a One TI services fee of $3,000 per year in 2019 ("Housing Services Fee") is expected to be paid annually from project operations of new affordable housing developments. The Housing Services Fee will increase 3.5% per year. On January 29, 2021, MOHCD and TIDA agreed that the Housing Services Fee would be disbursed from the operating budget prior to reserves, ground lease rent, and bond fees. The obligation to pay the Housing Services Fee will commence once a housing developer's affordable housing property obtains its certificate of occupancy and is available for rent. The Housing Services Fee will support One TI's ongoing efforts to foster a thriving, mixed-income community, including, by way of example these types of activities:

- One TI convenes and/or supports meetings by TIDA and other TI stakeholders operating on Treasure Island whose purpose is to troubleshoot practical issues, plan/coordinate joint activities (such as Back to School and Black History Month) and to communicate

and implement policies in a consistent and coordinated manner to all Treasure Island tenants, regardless of housing provider;
- One TI facilitates bi-monthly community-wide meetings for tenants, clients and other Treasure Island residents hosted by One TI, TIDA and/or the Property Management Agent (currently, The John Stewart Company);
- Increase Treasure Island residents' opportunities for island-based job placement and participation in financial health programs;
- Plan, coordinate and ensure a range of social, educational and recreational opportunities for children and youth, such as, childcare spaces, after school and summer school programming;
- Coordinate community-wide events; and
- Develop and implement a community building plan

As of January 1, 2019, the Housing Services Fee specifically supports the One TI activities listed below.

- Access to weekly food pantry
- Job training and placement opportunities
- Access to free computer lab
- Access to free financial literacy & education services
- Access to free tax preparation site
- Community building events such a Halloween and Black History Month, community meetings and leadership trainings

For affordable housing developments not built by Member Organizations, One TI anticipates that those housing developers will join One TI.

Attachment B: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)		
1.	One Treasure Island First Predevelopment Financing	11/20/2018	
	One Treasure Island Second Predevelopment Financing	11/2020	
2.	Option to Lease	11/14/2018	
2	Acquisition/Predev Financing Commitment	_____	
2.	Site Acquisition/Option to Lease	_____	_____
3.	Development Team Selection		
a.	Architect	Feb 2018	
b.	General Contractor	July 2018	
c.	Owner's Representative	May 2018	
d.	Property Manager	Feb 2018	
e.	Service Provider	Feb 2018	
4.	Design		
a.	Submittal of 100% Concept Design	1/14/2019	
a.	Submittal of 100% Schematic Design & Cost Estimate	5/2019	_____
b.	Submittal of 100% Design Development & Cost Estimate	9/2019	
c.	Submittal of 50% CD Set & Cost Estimate	Completed	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	12/2021	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	N/A	
b.	NEPA Environ Review Submission	N/A	
c.	CUP/PUD/Variances Submission	N/A	
6.	Permits		
a.	Building / Site Permit Application Submitted	12/2019	_____
b.	Addendum #1 Issued	11/2021	
c.	Addendum #2 Issued	1/10/22	
7.	Request for Construction Bids Issued	11/18/21	

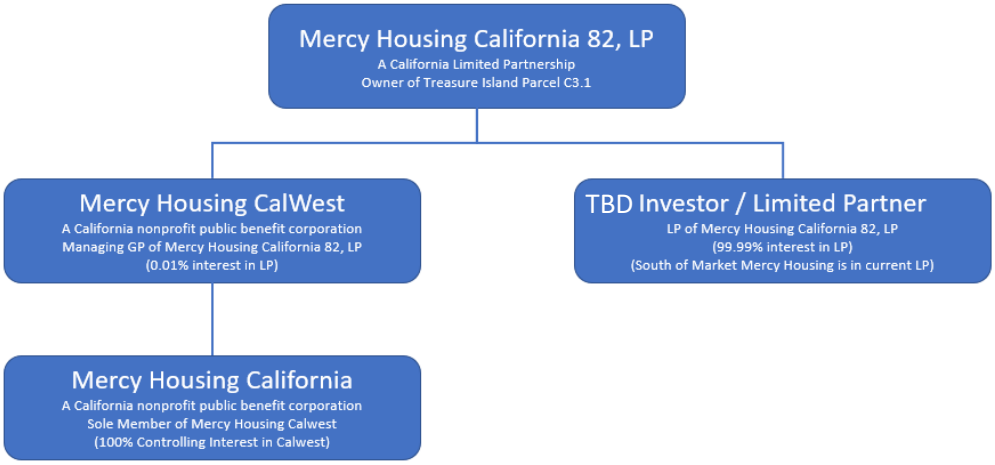
8.	Service Plan Submission		
a.	Preliminary	6/2020	
b.	Interim	10/2021	
c.	Update	10/2022	
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	1/2021	
b.	Gap Financing Application	3/2022	
10.	Other Financing		
a.	MHP Application	Not Applying	
b.	Construction Financing RFP	3/2021	
c.	AHP Application	3/2021	Next application submission is 3/2022 in New York FHLB
d.	CDLAC Application	5/2021	
e.	TCAC Application	5/2021	
f.	HUD 202 or 811 Application	N/A	
g.	Other Financing Application – ASHC	2/2019 Awarded 6/2019	
h.	Other Financing Application – HCD Accelerator	Application submitted 10/2021	
11.	Closing		
a.	Construction Closing	4/2022	
b.	Permanent Financing Closing	5/2024	
12.	Construction		
a.	Notice to Proceed	4/2022	_____
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	3/2024	_____
13.	Marketing/Rent-up		
a.	Marketing Plan For Project Submission	5/2023	_____
b.	Commence Marketing	8/2024	

c.	95% Occupancy	9/2024	_____
14.	Cost Certification/8609	9/2025	
15.	Close Out MOH/OCII Loan(s)	9/2025	

Attachment C: Borrower Org Chart

[Organization Chart follows cover.]

Treasure Island Mercy Housing Organization Chart



Mercy Housing California
2512 River Plaza Drive, Suite 200, Sacramento, California 95833 o | 916-414-4400 f | 916-414-4490
1256 Market Street, San Francisco, California 94102 o | 415-355-7100 f | 213-743-5828
1500 S. Grand Avenue, Suite 100, Los Angeles, California 90015 o | 213-743-5820 f | 213-743-5828
TTY | 800-877-8973 or 711 mercyhousing.org
Mercy Housing is sponsored by communities of Catholic Sisters

LIVE IN HOPE

Attachment D: Development Staff Resumes

Mercy Housing California ("MHC") has been developing and owning affordable housing in San Francisco for 30 years. MHC owns and operates 37 buildings that it developed in San Francisco for families, seniors, disabled, and the formerly homeless in San Francisco, including two properties in Mission Bay (1180 Fourth St and Mission Creek Senior Housing) as well as one property in the nearby Transbay District (280 Beale). MHC also has 4 additional properties under construction in San Francisco and 5 in pre-construction.

MHC has a long history of working in successful development and ownership partnerships that include partnerships with childcare providers, medical clinics, and senior centers. MHC has negotiated a variety of ownership and financing structures, including air rights lot splits, master-leases, etc., in order to make these partnerships work.

MHC also has extensive experience with green design and green building criteria that ranges from green roofs, solar hot water and electric, and recycled storm water. This commitment to green building extends into operations with compositing and recycling training programs as well as a Healthy Home Guide to educate residents about green building features and green maintenance.

MHC's property management affiliate, Mercy Housing Management Group, will manage the property after construction is complete. MHM currently manages 37 properties in San Francisco with populations that range from formerly homeless, to seniors and frail elders, persons with disabilities and families. MHM manages 500 units serving the formerly homeless populations including 50 at 1180 Fourth Street.

Mercy staff working on TI-C3.1 are listed below with their brief resume.

Nabihah Azim, Senior Project Manager, started her career at the Mercy Housing in 2013. Nabihah has worked on many projects during her time at Mercy, most recently completing 167 units at Sunnydale HOPE SF. In addition to development, Nabihah also has experience in policy and education in her volunteer work and participation in leadership committees. Nabihah has a Master's in City Planning from the University of California, Berkeley.

Elizabeth Kuwada, Associate Director, before joining Mercy, worked for various architectural firms and nonprofit developers. Elizabeth's work consisted of design and the oversight of multiple affordable housing projects. Elizabeth has a B.A. in Architecture from Yale University and has a Master's in Real Estate Development from the Massachusetts Institute of Technology.

Nyla Hill, Assistant Project Manager joined Mercy in 2019 working in the affordable housing department. Nyla assists in project management, the closeout and completion of projects, and relevant housing development application documents. Nyla will support the development by ensuring the desired outcomes are achieved through cooperation with the appropriate service providers and effective community engagement and outreach.

Attachment E: Asset Management Evaluation of Project Sponsor

Mercy Housing California's California Asset Management staff will provide asset management staff for the asset management duties. Mercy's Denver compliance and accounting staff would continue to perform compliance and accounting duties for the TI Parcel C3.1 project during operations.

Total Number of Projects and Average Number of Units Per Project Currently in Developer's Asset Management Portfolio

MHC's Asset management department currently oversees 126 buildings with 8,398 units in the state of California.

Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)

MHI's Asset management department currently has a staff of 10 people. Four (4 FTEs) Asset Managers oversee the entire California portfolio. Four (4 FTEs) Asset Management Analysts provide support to the Asset managers. There is a Director of Portfolio Analysis (1 FTE) that oversees all of the analysts. The department head is the Senior Vice President of Portfolio Management (1 FTE) that oversees the entire department. All positions are currently filled and they are all full time. The breakdown of MHI's asset management staff positions is as follows:

(1) Senior Vice President of Portfolio management
(1) Director of Portfolio Analysis
(4) Asset Managers
(4) Asset management Analysts

Description of Scope and Range of Duties of Developer's Asset Management Team

MHI's Asset Management staff has oversight over all operations of the properties in the portfolio. All of the Asset Management staff mentioned above fall under the umbrella of the property management department. Asset Management reviews financials, approves budgets, approves substantial capital initiatives, is a part of the team that determines long term capital projects. The asset management staff oversee build out for all existing commercial spaces and do all of the reporting and communication to all of financial partners. Asset management approves all annual budgets for the properties and approve all operating reserve draws or internal line of credit requests when a property is short of cash and needs a temporary funding to meet property operations costs.

Asset management submits grants and loan applications for the properties to secure or continue operating funding.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc.

There is constant coordination between Property Management, related departments and Asset Management. Asset management oversees all aspects of operations so there is constant coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition, there is constant coordination around cash management and the financial oversight of the property. There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

Developer's Budget for Asset Management Team Shown as Cost Center for SF Projects

Asset Management staffing budget is $1,585,000

Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio

MHI anticipates that the portfolio will grow from 126 buildings to approximately 136 buildings in the next 5 years.

MOHCD Asset Management Staff's Final Assessment of Developers Asset Ma nagement Capacity

The Developer's description of their asset management functions, duties and coordination with related teams within the organization demonstrates an adequate asset management operation for their existing portfolio. With 4 FTE asset managers and a portfolio of 126 projects in California, the projects/AM staff ratio is 32, which is considered high based on the industry standard of 20-25 taught by NeighborWorks America; however, the Developer's asset management staff also includes 4 FTE asset management analysts who support the asset managers. Assuming that the full range of asset management responsibilities are covered by the asset managers and the asset management analysts, a total of 8 FTEs provides asset management services at a ratio of 16 projects per staff person, not including staff supervision and oversight. With

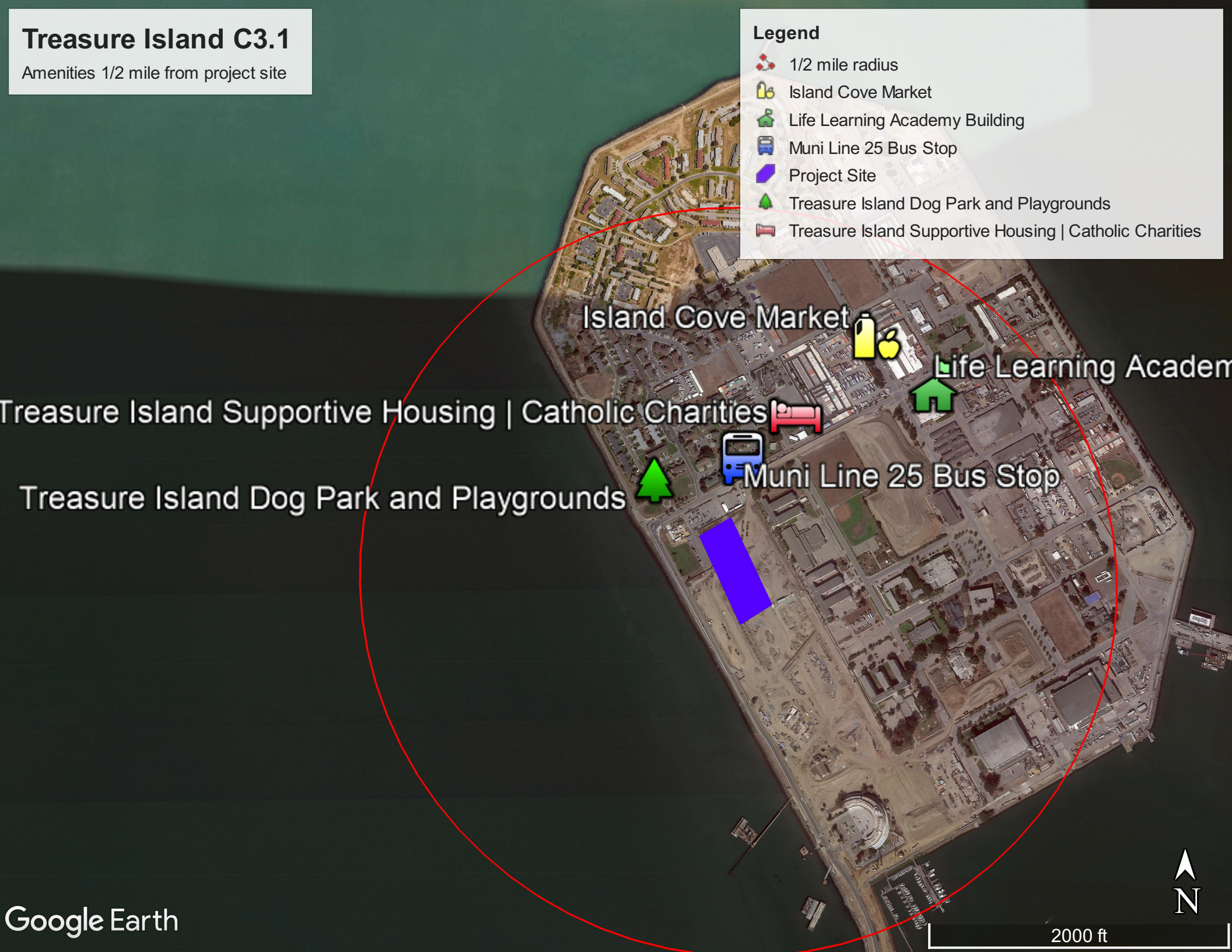
an increase of 10 projects in the Developer's portfolio anticipated over the next 5 years, the ratio will increase to 17 and remain within the industry standard.

Attachment F: Site Map with amenities

[See separate attachment.]

Treasure Island C3.1

Amenities 1/2 mile from project site





Represents the 1/2 Mile Radius around the Property

Site Location

Grocery Store

Grocery Store access within 1/2 mile

Island Cove Market

From:	Rovetti, Richard (ADM)
To:	Laura Shipman
Cc:	Natalie Bonnewit; Sherry Williams; Nyla Hill; Nabihah Azim; Beck, Bob (ADM)
Subject:	[EXTERNAL] RE: Island Cove Market
Date:	Wednesday, May 19, 2021 3:08:17 PM
Attachments:	image011.png image015.png

EXTERNAL EMAIL - Please use caution with email links or attachments.

The interior of island cove market at building 201 is approximately 10,000 square feet.

Richard A. Rovetti
Deputy Director of Real Estate
Treasure Island
One Avenue of Palms
San Francisco, CA 94130

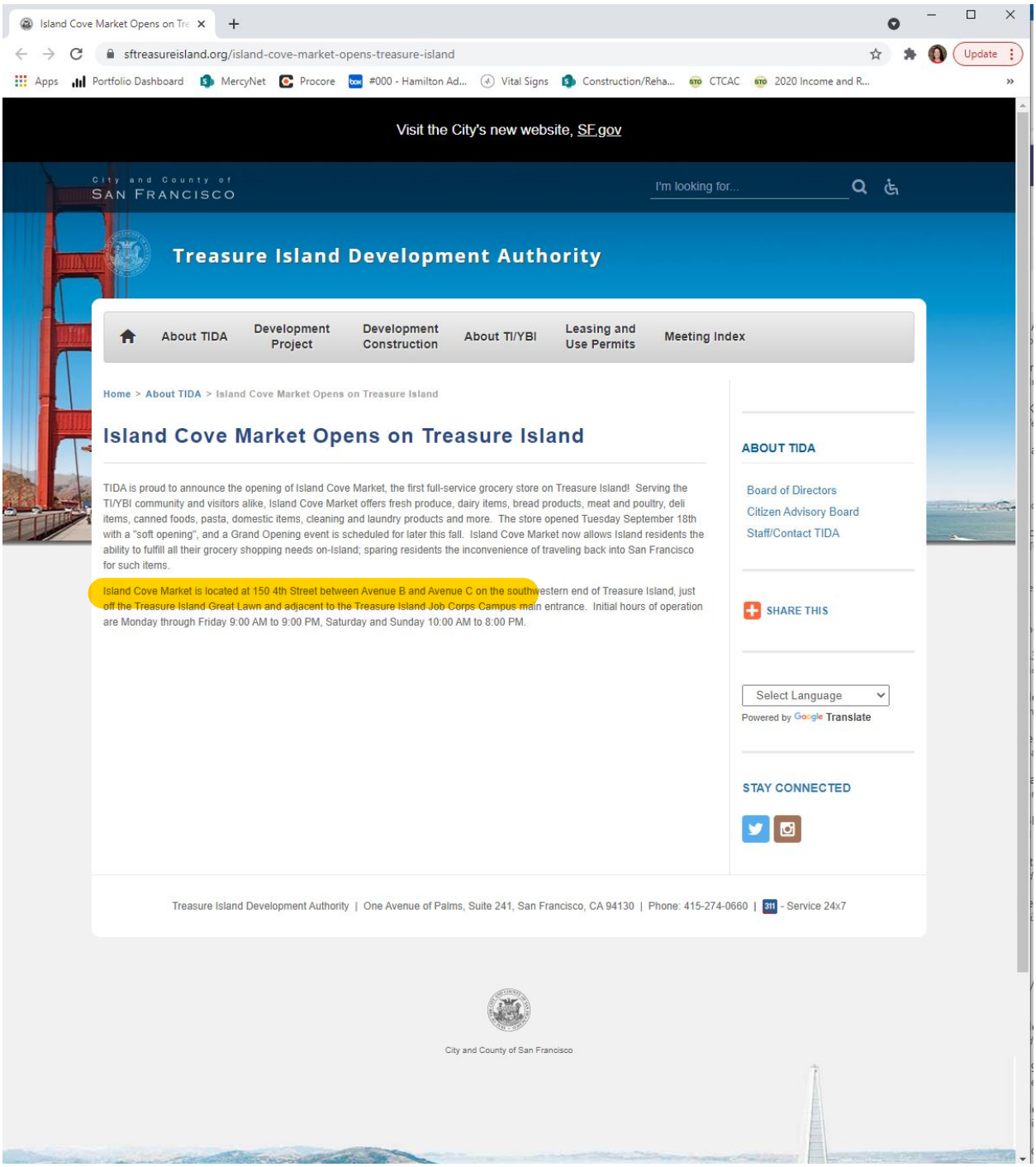
415.274.3365 Office
415.274.0299 Office Fax

From: Laura Shipman <lshipman@onetreasureisland.org>
Sent: Wednesday, May 19, 2021 2:24 PM
To: Rovetti, Richard (ADM) <richard.rovetti@sfgov.org>
Cc: Natalie Bonnewit <natalie@bonnewit.com>; Sherry Williams <swilliams@onetreasureisland.org>; Nyla Hill <Nyla.Hill@mercyhousing.org>; Nabihah Azim <nazim@mercyhousing.org>; Beck, Bob (ADM) <bob.beck@sfgov.org>
Subject: Fwd: Island Cove Market

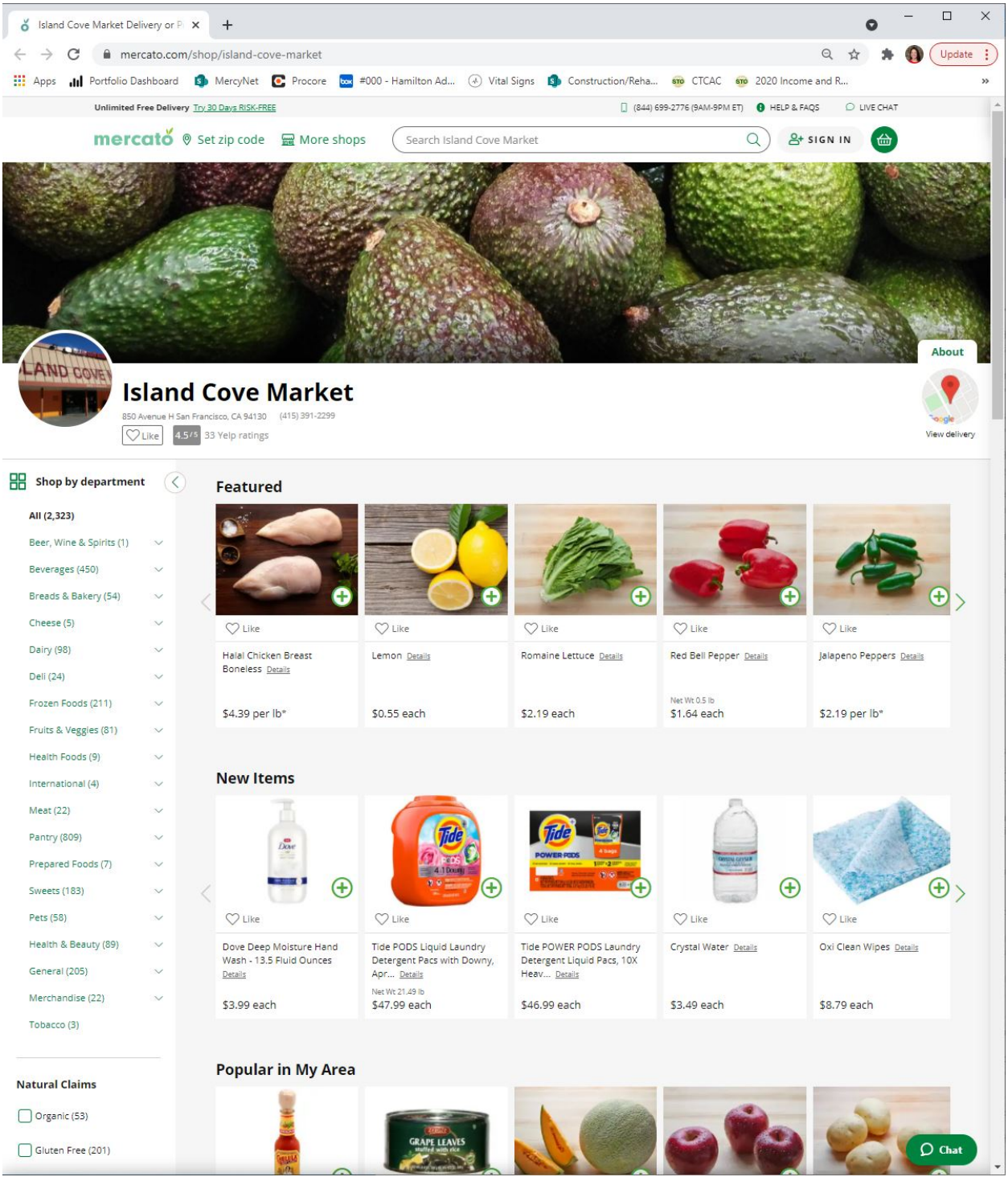
This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hi Rich, do you have the info below? Mercy needs this for their tax credit application for their development on parcel C3.1.

Thanks!
Laura



- *Please note that Island Cove Market has relocated and is now located at 800 Avenue H.*


Island Cove Market Delivery or P
mercato.com/shop/island-cove-market
Update
Apps
Portfolio Dashboard
MercyNet
Procore
#000 - Hamilton Ad...
Vital Signs
Construction/Reha...
CTCAC
2020 Income and R...
Unlimited Free Delivery Try 30 Days RISK-FREE
(844) 699-2776 (9AM-9PM ET)
HELP & FAQS
LIVE CHAT
mercato
Set zip code
More shops
Search Island Cove Market
SIGN IN
About
Island Cove Market
850 Avenue H San Francisco, CA 94130 (415) 391-2299
Like
4.5/5 33 Yelp ratings
View delivery
Shop by department
All (2,323)
Beer, Wine & Spirits (1)
Beverages (450)
Breads & Bakery (54)
Cheese (5)
Dairy (98)
Deli (24)
Frozen Foods (211)
Fruits & Veggies (81)
Health Foods (9)
International (4)
Meat (22)
Pantry (809)
Prepared Foods (7)
Sweets (183)
Pets (58)
Health & Beauty (89)
General (205)
Merchandise (22)
Tobacco (3)
Natural Claims
Organic (53)
Gluten Free (201)
Featured
Like
Halal Chicken Breast Boneless Details
$4.39 per lb*
Like
Lemon Details
$0.55 each
Like
Romaine Lettuce Details
$2.19 each
Like
Red Bell Pepper Details
Net Wt 0.5 lb
$1.64 each
Like
Jalapeno Peppers Details
$2.19 per lb*
New Items
Like
Dove Deep Moisture Hand Wash - 13.5 Fluid Ounces Details
$3.99 each
Like
Tide PODS Liquid Laundry Detergent Pacs with Downy, Apr... Details
Net Wt 21.49 lb
$47.99 each
Like
Tide POWER PODS Laundry Detergent Liquid Pacs, 10X Heav... Details
$46.99 each
Like
Crystal Water Details
$3.49 each
Like
Oxi Clean Wipes Details
$8.79 each
Popular in My Area
GRAPE LEAVES
Chat



Grocery Store Entry



Island Cove Market Produce

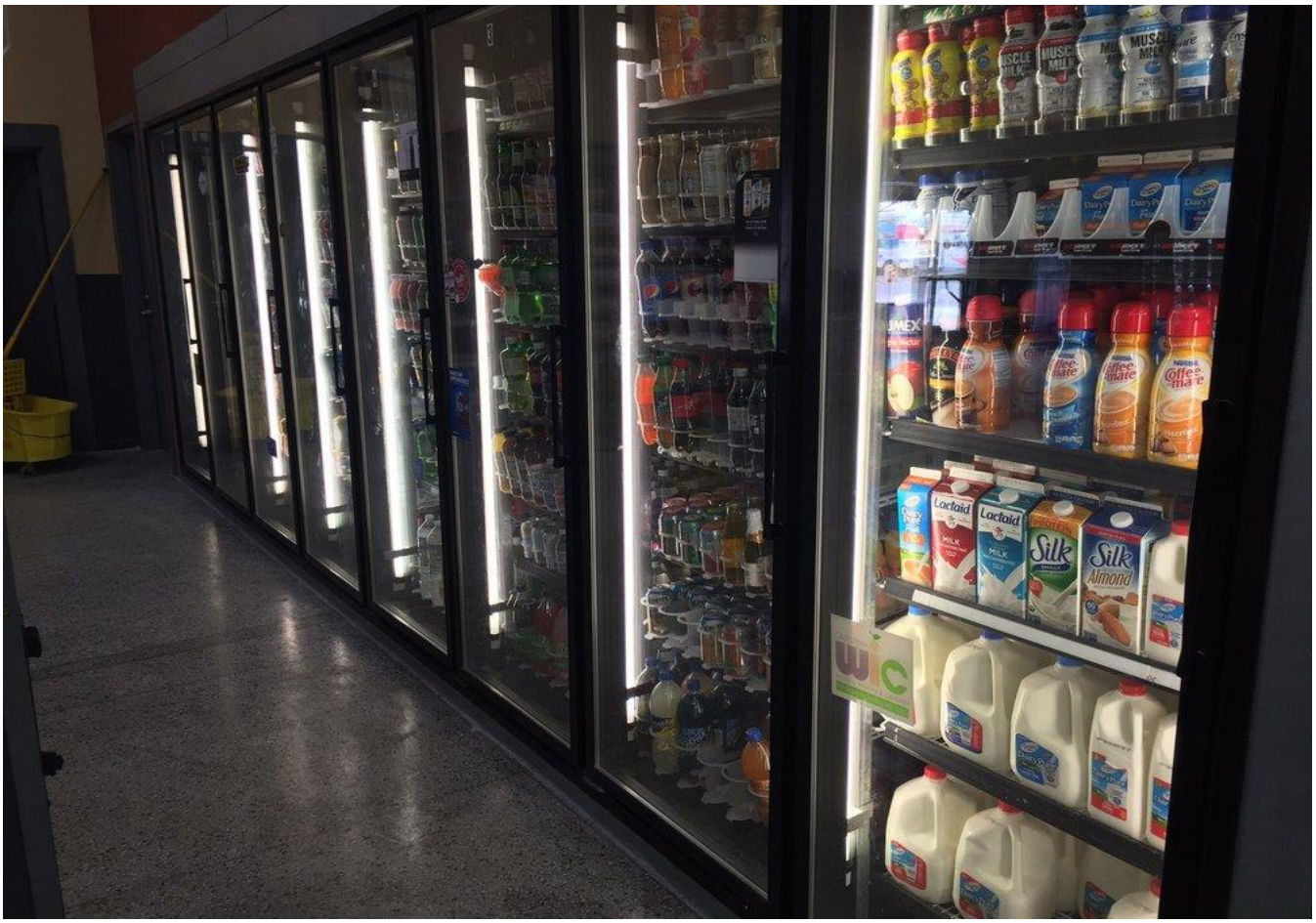


Island Cove Market Produce



Island Cove Market Meat Counter




Lactaid
Silk
Almond
WIC



Represents the 1/2 Mile Radius around the Property

Site Location

Life Learning Academy Building

Public School's within 1/2 mile

Life Learning Academy Building- High School

(https://lifelearningacademysf.org)



LIFE LEARNING ACADEMY

We believe every single kid, no matter what has happened to them or what they've done, deserves relentless love, accountability, and the chance to make a good life.

Life Learning Academy is a public charter high school serving Bay Area students who

haven't been successful in other schools.



OUR STUDENTS STAY IN SCHOOL

Students reduced truancy rates by an average of more than 70% after coming to LLA



OUR STUDENTS GRADUATE

LLA has a graduation rate of 92%, an increase of 11% over the graduation rate of similar students statewide



OUR STUDENTS HAVE A FUTURE

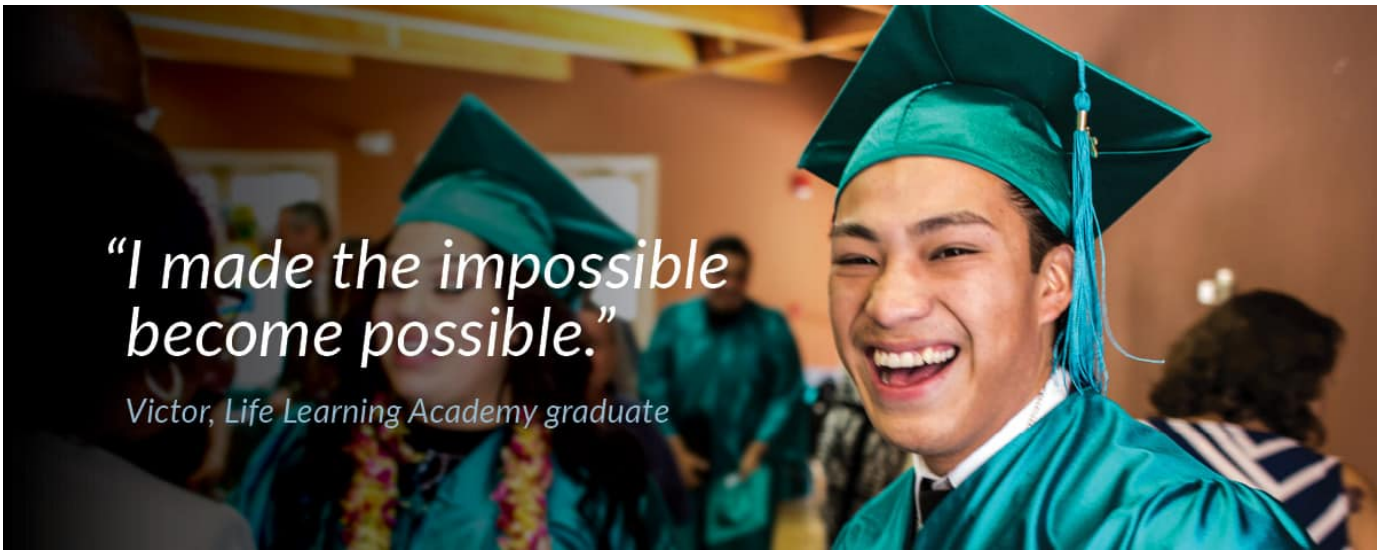
100% of LLA students are enrolled in college or have a full-time job at graduation

WHAT WE DO



Life Learning Academy programs engage and challenge the Bay Area's most vulnerable students in a supportive learning environment where they want to succeed. Learn more about what we offer:

BUILDING COMMUNITY (HTTPS://LIFELEARNINGACADEMYSF.ORG/BUILDINGCOMM
ACADEMICS (HTTPS://LIFELEARNINGACADEMYSF.ORG/ACADEMICS/)
WORKFORCE DEVELOPMENT (HTTPS://LIFELEARNINGACADEMYSF.ORG/WORKFORCEDEV
SOCIAL-EMOTIONAL LEARNING (HTTPS://LIFELEARNINGACADEMYSF.ORG/SOCIALEMOTION
ON-CAMPUS HOUSING (HTTPS://LIFELEARNINGACADEMYSF.ORG/ONCAMPUSHOUS
COLLEGE READINESS (HTTPS://LIFELEARNINGACADEMYSF.ORG/COLLEGEREADIN



LIFE LEARNING ACADEMY'S COVID-19 RESPONSE (/COVID19)

LIFE LEARNING ACADEMY

651 8th Street, Treasure Island
San Francisco, CA 94130
Main Office: (415) 397-8957 (tel:415-397-8957)
connect@lifelearningacademysf.org

SEAL OF TRANSPARENCY PLATINUM GUIDESTAR

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE CALIFORNIA
TAX CREDIT ALLOCATION COMMITTEE

23D Public Park

The Treasure Island Dog Park and Playground (Playground West) are located within 1/2 mile of the project site. Access to the Dog Park and Playgrounds was suspended due to COVID beginning in March 2020, however, now these amenities are open again to the public in accordance with public health guidelines.

Mercy Housing California
1256 Market Street, San Francisco, California 94102 o | 415-355-7100 f | 415-355-7101
mercyhousing.org
Mercy Housing is sponsored by communities of Catholic Sisters

LIVE IN HOPE

Treasure Island C3.1

Distance from Project site to Treasure Island Dog Park and Playgrounds



Visit the City's new website, SF.gov

Treasure Island Development Authority

Treasure Island Playgrounds

Both Treasure Island playgrounds are closed effective March 24, 2020. *Please report any observed damage to either Playground to the TIDA office at 415-274-0660.*

Playground West



Located on 9th Street between Avenue of Palms and Avenue B, adjacent to Treasure Island Dog Park

Playground East



Located at the corner of Avenue E and 13th Street, adjacent to the SF Gaelic Athletic Association Grounds and Aracely Cafe.

For the Island Community's safe and enjoyable use of the Playgrounds, the following are Prohibited at all times:

- Pets
- Glass Containers
- Smoking, Including E-Cigs
- Barbecues and Fires
- Firearms and Weapons
- Skateboards, Roller Skates, Bicycles and Any Motorized Vehicle Except Wheelchairs
- Intoxicants and Alcoholic Beverages
- Amplified Sound
- Vandalism, Loitering and Dumping
- Vending, Sales and Solicitation Without Appropriate Permits

Learn all about the TI/YBI Public Stewardship Program

Treasure Island Dog Park

Treasure Island Dog Park is located west of the Treasure Island West Playground and is open every day during daylight hours. All well-behaved Treasure Island dogs are encouraged to utilize the Dog Park. Human visitors must be accompanied by dog at all times. Please obey posted rules at all times. *Please report any observed damage to the Dog Park to the TIDA office at 415-274-0660.*

- **Location:** 9th Street at Avenue of Palms

Treasure Island Playgrounds

Both Treasure Island playgrounds are closed effective March 24, 2020.

Treasure Island has two playgrounds for use and enjoyment by the Island community's children and families. *Please report any observed damage to the Treasure Island Playgrounds to the TIDA office at 415-274-0660.* Learn more about the Treasure Island Playgrounds.

- **Locations:** 9th Street at Avenue B, 13th Street at Avenue E

Treasure Island Gymnasium

Treasure Island Gymnasium is closed and regular recreational programming is currently suspended.

Operated by the YMCA of San Francisco, Treasure Island Gymnasium offers recreational programming and services for the Island community. Use of the Gymnasium is free-of-charge to Island residents; initial registration required. Learn more about the Treasure Island Gymnasium.

- **Location:** 749 9th Street, Building 402

TI Gymnasium After-School Program

TI Gym After-School Programming is currently suspended.

The YMCA of San Francisco offers an after-school program for Island youth and teens at TI Gymnasium, with activities, art projects, tutoring, mentoring and more. Enrollment is free-of-charge to Island families. For further information and to enroll contact TI Gymnasium staff at (415) 765-9037.

San Francisco Department of Public Health Community Clinic

All Clinic services offered free-of-charge to Island residents; no appointment or insurance paperwork is necessary. Learn more about the Treasure Island Community Clinic.

- **Hours:** *The clinic is currently on hiatus as DPH is in the process of hiring a new nurse.*
- **Location:** Treasure Island Gymnasium, 749 9th Street at Avenue M.

Yerba Buena Island Bimla Rhinehart Vista Point

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE CALIFORNIA
TAX CREDIT ALLOCATION COMMITTEE

23-D Supportive Services

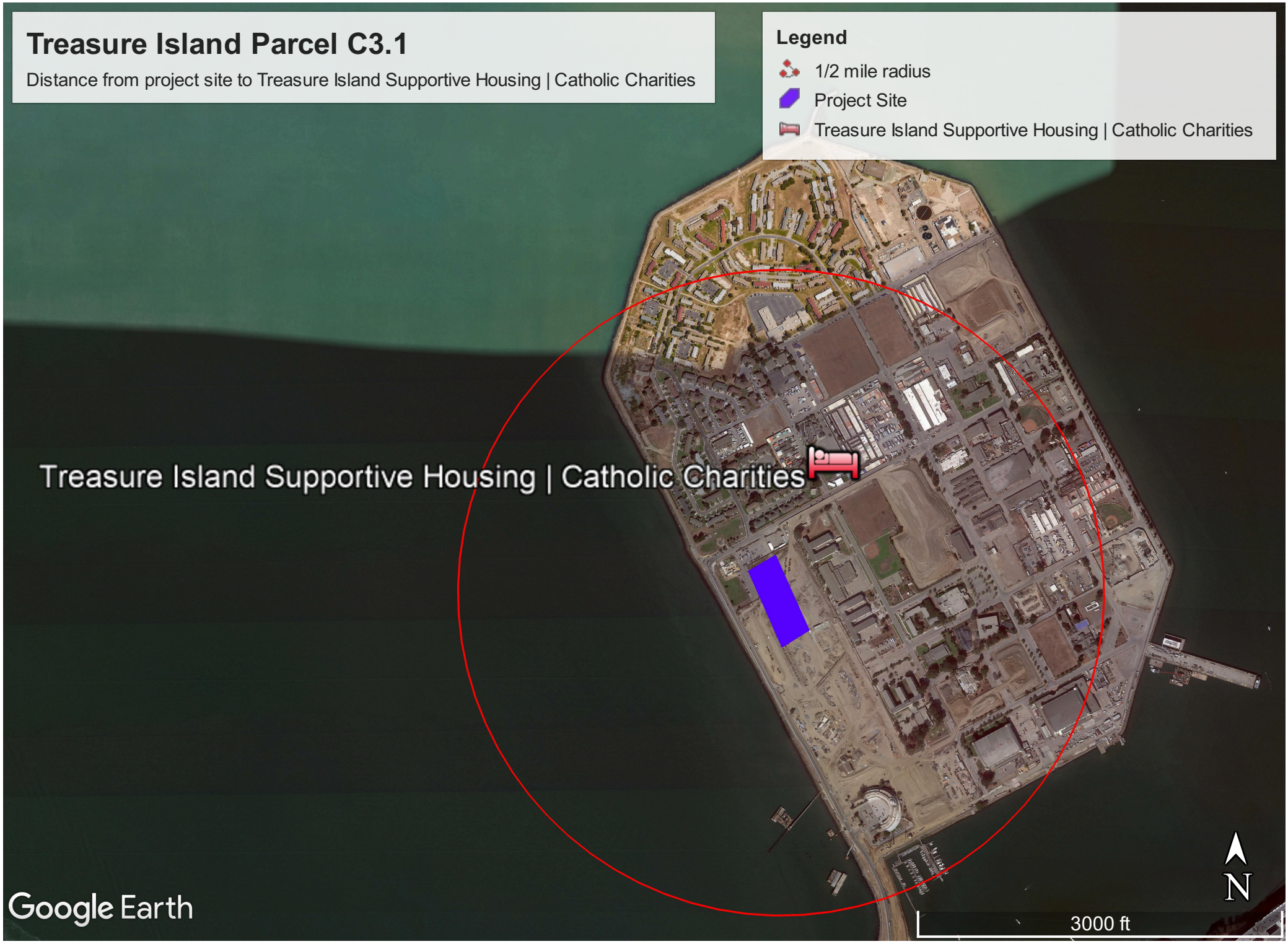
Catholic Charities is located within 1/2 mile of the project site, at **810 Avenue D, San Francisco, CA 94130**. Catholic Charities offers services for special needs populations including: case management, employment training, substance abuse counseling, and referrals to outside agencies.

Treasure Island Parcel C3.1

Distance from project site to Treasure Island Supportive Housing | Catholic Charities

Legend

- 1/2 mile radius
- Project Site
- Treasure Island Supportive Housing | Catholic Charities



Catholic Charities of San Francisc

catholiccharitiessf.org/what-we-do/homelessness-housing/treasure-island-supportive-housing.html

Catholic Charities

Search

Homelessness & Housing Services

Treasure Island Supportive Housing

Who We Are | What We Do | How to Help | News & Events | Advocacy | DONATE

Treasure Island Supportive Housing

Catholic Charities Treasure Island Supportive Housing promotes self-sufficiency and independence of formerly homeless families. Clients are supported through an array of services designed to help families achieve residential, economic, and personal stability. Permanent, subsidized supportive housing is provided to formerly homeless and low-income families where the head of household may have one or more special needs, including mental health challenges, disabling HIV/AIDS, or a history of substance abuse.

Supportive services include:

- Case management
- Substance abuse counseling
- Employment training
- Referrals to outside agencies

In addition, Treasure Island Supportive Housing collaborates with other organizations to provide community activities for children and families.

- Treasure Island Supportive Housing Impact 2019
- Treasure Island Supportive Housing Impact 2018

Catholic Charities

Who We Are | What We Do | How to Help | News & Events | Advocacy | DONATE



Catholic Charities

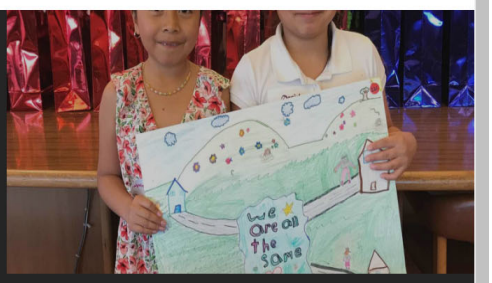
Catholic Charities Headquarters
One St. Vincent Drive
San Rafael, CA 94903
(415) 972-1200
Contact

Mailing Address
1555 39th Avenue
San Francisco
94122

About Us

We serve our vulnerable neighbors and protect their dignity. Together, we can accomplish the remarkable. See what we do.
Catholic Charities is a 501(c)(3) non-profit organization. Our tax identification number is 94-1498472.

Careers | Charity Navigator
GuideStar | Financials



To sign up to receive our emails, fill in the following fields and hit submit. Thanks, and welcome!

Email * SIGN UP

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Treasure Island C3.1

Distance from project site to Muni bus line 25



25 TREASURE ISLAND

effective **7/11/2020**

MAP NOT TO SCALE

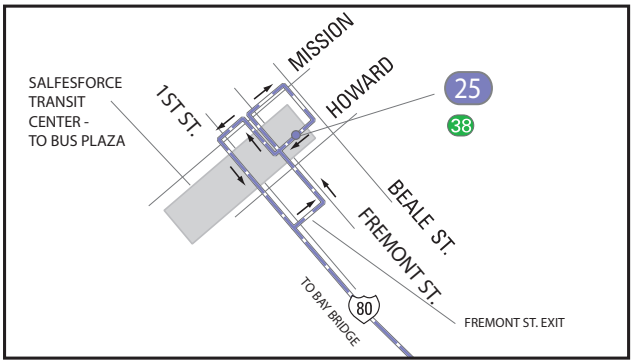
25 Terminal
Local service
Express service/stop
Connecting Muni service
Express service
Station

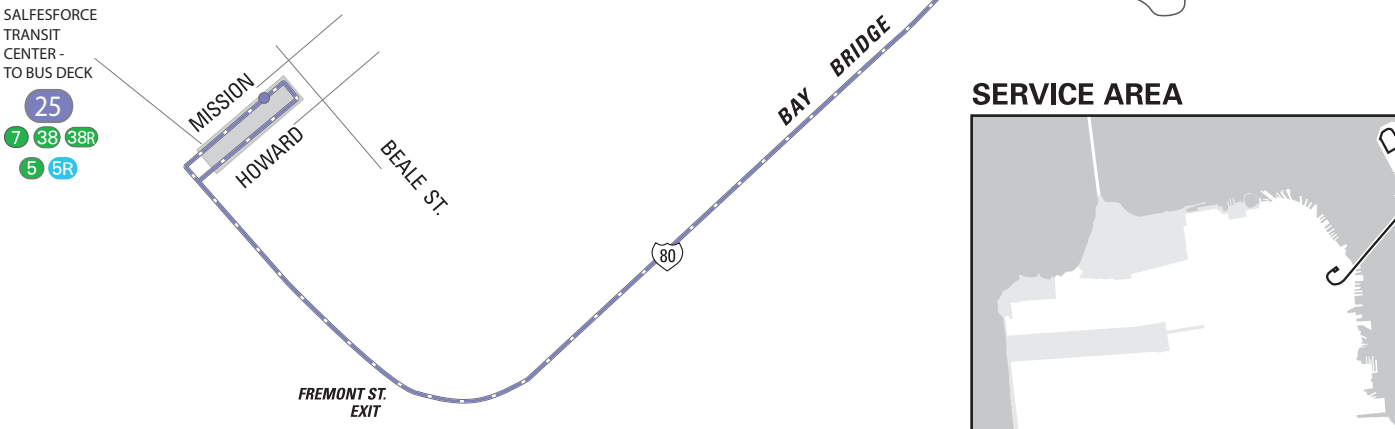
DAYTIME SERVICE TO BUS DECK,
OWL SERVICE TO BUS PLAZA

NORTH



OWL SERVICE - TO BUS PLAZA





SERVICE AREA

25 TREASURE ISLAND - Inbound to Downtown - Weekday Service

*Only some stops are shown in the table below; for a complete list please visit **route page (/routes/25-treasure-island)**.*
*Table below shows planned service. Please see **real-time vehicle predictions (https://retro.umoiq.com/predictor/adaDirection.jsp?a=sf-muni&r=25)** for actual current trips.*

Avenue H & 13th St	Shoreline Access Road	Transit Center Bay E	Transit Center Bay 29
6:27 am	6:36 am	–	6:44 am
6:42 am	6:51 am	–	6:59 am
6:57 am	7:06 am	–	7:14 am
7:12 am	7:21 am	–	7:29 am
7:27 am	7:36 am	–	7:44 am
7:42 am	7:51 am	–	7:59 am
7:57 am	8:06 am	–	8:14 am
8:12 am	8:21 am	–	8:29 am
8:27 am	8:36 am	–	8:44 am
8:42 am	8:51 am	–	8:59 am
8:57 am	9:06 am	–	9:14 am
9:12 am	9:21 am	–	9:29 am
9:27 am	9:36 am	–	9:44 am
9:42 am	9:51 am	–	9:59 am
9:57 am	10:06 am	–	10:14 am

Avenue H & 13th St	Shoreline Access Road	Transit Center Bay E	Transit Center Bay 29
10:12 am	10:21 am	–	10:29 am
10:27 am	10:36 am	–	10:44 am
10:42 am	10:51 am	–	10:59 am
10:57 am	11:06 am	–	11:14 am
11:12 am	11:21 am	–	11:29 am
11:27 am	11:36 am	–	11:44 am
11:42 am	11:51 am	–	11:59 am
11:57 am	12:06 pm	–	12:14 pm
12:12 pm	12:21 pm	–	12:29 pm
12:27 pm	12:36 pm	–	12:44 pm
12:42 pm	12:51 pm	–	12:59 pm
12:57 pm	1:06 pm	–	1:14 pm
1:12 pm	1:21 pm	–	1:29 pm
1:27 pm	1:36 pm	–	1:44 pm
1:42 pm	1:51 pm	–	1:59 pm
1:57 pm	2:06 pm	–	2:14 pm
2:12 pm	2:21 pm	–	2:29 pm
2:27 pm	2:36 pm	–	2:44 pm
2:42 pm	2:51 pm	–	2:59 pm
2:57 pm	3:06 pm	–	3:14 pm
3:12 pm	3:21 pm	–	3:29 pm
3:27 pm	3:36 pm	–	3:44 pm
3:42 pm	3:51 pm	–	3:59 pm
3:57 pm	4:06 pm	–	4:14 pm
4:12 pm	4:21 pm	–	4:29 pm
4:27 pm	4:36 pm	–	4:44 pm
4:42 pm	4:51 pm	–	4:59 pm
4:57 pm	5:06 pm	–	5:14 pm
5:12 pm	5:21 pm	–	5:29 pm
5:27 pm	5:36 pm	–	5:44 pm
5:42 pm	5:51 pm	–	5:59 pm
5:57 pm	6:06 pm	–	6:14 pm
6:12 pm	6:21 pm	–	6:29 pm
6:27 pm	6:36 pm	–	6:44 pm
6:42 pm	6:51 pm	–	6:59 pm
6:57 pm	7:06 pm	–	7:14 pm

Avenue H & 13th St	Shoreline Access Road	Transit Center Bay E	Transit Center Bay 29
7:12 pm	7:21 pm	–	7:29 pm
7:27 pm	7:36 pm	–	7:44 pm
7:42 pm	7:51 pm	–	7:59 pm
7:57 pm	8:06 pm	–	8:14 pm
8:12 pm	8:21 pm	–	8:29 pm
8:32 pm	8:41 pm	–	8:49 pm
8:52 pm	9:01 pm	–	9:09 pm
9:12 pm	9:21 pm	–	9:29 pm
9:32 pm	9:41 pm	–	9:49 pm
9:52 pm	10:01 pm	–	10:09 pm
10:12 pm	10:21 pm	–	10:29 pm
10:32 pm	10:41 pm	–	10:49 pm
10:52 pm	11:01 pm	–	11:09 pm
11:12 pm	11:21 pm	–	11:29 pm
11:32 pm	11:41 pm	–	11:49 pm
11:52 pm	12:01 am	12:09 am	–
12:17 am	12:26 am	12:34 am	–
12:42 am	12:51 am	12:59 am	–
1:12 am	1:21 am	1:29 am	–
1:42 am	1:51 am	1:59 am	–
2:12 am	2:21 am	2:29 am	–
2:42 am	2:51 am	2:59 am	–
3:12 am	3:21 am	3:29 am	–
3:42 am	3:51 am	3:59 am	–
4:12 am	4:21 am	4:29 am	–
4:42 am	4:51 am	4:59 am	–
5:12 am	5:21 am	5:29 am	–
5:42 am	5:51 am	5:59 am	–
6:12 am	6:21 am	6:29 am	–

COVID-19 page (/COVID19) / La página COVID-19 (/es/projects/covid-19-developments-response) / COVID-19網頁 (/zh-hant/projects/covid-19-developments-response) / Ang pahina ng COVID-19 (/tl/projects/covid-19-developments-response)

Trip Planner e.g. 1 Market St. » e.g. Crissy Field › Muni **Let's Go...**

25 TREASURE ISLAND - Outbound to Treasure island - Weekday Service

*Only some stops are shown in the table below; for a complete list please visit **route page (/routes/25-treasure-island)**.*
*Table below shows planned service. Please see **real-time vehicle predictions (https://retro.umoiq.com/predictor/adaDirection.jsp?a=sf-muni&r=25)** for actual current trips.*

Transit Center Bay 29	Transit Center Bay E	Shoreline Access Road	Avenue H & 13th St
6:15 am	–	6:22 am	6:27 am
6:30 am	–	6:37 am	6:42 am
6:45 am	–	6:52 am	6:57 am
7:00 am	–	7:07 am	7:12 am
7:15 am	–	7:22 am	7:27 am
7:30 am	–	7:37 am	7:42 am
7:45 am	–	7:52 am	7:57 am
8:00 am	–	8:07 am	8:12 am
8:15 am	–	8:22 am	8:27 am
8:30 am	–	8:37 am	8:42 am
8:45 am	–	8:52 am	8:57 am

Transit Center Bay 29	Transit Center Bay E	Shoreline Access Road	Avenue H & 13th St
9:00 am	–	9:07 am	9:12 am
9:15 am	–	9:22 am	9:27 am
9:30 am	–	9:37 am	9:42 am
9:45 am	–	9:52 am	9:57 am
10:00 am	–	10:07 am	10:12 am
10:15 am	–	10:22 am	10:27 am
10:30 am	–	10:37 am	10:42 am
10:45 am	–	10:52 am	10:57 am
11:00 am	–	11:07 am	11:12 am
11:15 am	–	11:22 am	11:27 am
11:30 am	–	11:37 am	11:42 am
11:45 am	–	11:52 am	11:57 am
12:00 pm	–	12:07 pm	12:12 pm
12:15 pm	–	12:22 pm	12:27 pm
12:30 pm	–	12:37 pm	12:42 pm
12:45 pm	–	12:52 pm	12:57 pm
1:00 pm	–	1:07 pm	1:12 pm
1:15 pm	–	1:22 pm	1:27 pm
1:30 pm	–	1:37 pm	1:42 pm
1:45 pm	–	1:52 pm	1:57 pm
2:00 pm	–	2:07 pm	2:12 pm
2:15 pm	–	2:22 pm	2:27 pm
2:30 pm	–	2:37 pm	2:42 pm
2:45 pm	–	2:52 pm	2:57 pm
3:00 pm	–	3:07 pm	3:12 pm
3:15 pm	–	3:22 pm	3:27 pm
3:30 pm	–	3:37 pm	3:42 pm
3:45 pm	–	3:52 pm	3:57 pm
4:00 pm	–	4:07 pm	4:12 pm
4:15 pm	–	4:22 pm	4:27 pm
4:30 pm	–	4:37 pm	4:42 pm
4:45 pm	–	4:52 pm	4:57 pm

Transit Center Bay 29	Transit Center Bay E	Shoreline Access Road	Avenue H & 13th St
5:00 pm	–	5:07 pm	5:12 pm
5:15 pm	–	5:22 pm	5:27 pm
5:30 pm	–	5:37 pm	5:42 pm
5:45 pm	–	5:52 pm	5:57 pm
6:00 pm	–	6:07 pm	6:12 pm
6:15 pm	–	6:22 pm	6:27 pm
6:30 pm	–	6:37 pm	6:42 pm
6:45 pm	–	6:52 pm	6:57 pm
7:00 pm	–	7:07 pm	7:12 pm
7:15 pm	–	7:22 pm	7:27 pm
7:30 pm	–	7:37 pm	7:42 pm
7:45 pm	–	7:52 pm	7:57 pm
8:00 pm	–	8:07 pm	8:12 pm
8:20 pm	–	8:27 pm	8:32 pm
8:40 pm	–	8:47 pm	8:52 pm
9:00 pm	–	9:07 pm	9:12 pm
9:20 pm	–	9:27 pm	9:32 pm
9:40 pm	–	9:47 pm	9:52 pm
10:00 pm	–	10:07 pm	10:12 pm
10:20 pm	–	10:27 pm	10:32 pm
10:40 pm	–	10:47 pm	10:52 pm
11:00 pm	–	11:07 pm	11:12 pm
11:20 pm	–	11:27 pm	11:32 pm
11:40 pm	–	11:47 pm	11:52 pm
12:05 am	–	12:12 am	12:17 am
–	12:30 am	12:37 am	12:42 am
–	1:00 am	1:07 am	1:12 am
–	1:30 am	1:37 am	1:42 am
–	2:00 am	2:07 am	2:12 am
–	2:30 am	2:37 am	2:42 am
–	3:00 am	3:07 am	3:12 am
–	3:30 am	3:37 am	3:42 am

Transit Center Bay 29	Transit Center Bay E	Shoreline Access Road	Avenue H & 13th St
–	4:00 am	4:07 am	4:12 am
–	4:30 am	4:37 am	4:42 am
–	5:00 am	5:07 am	5:12 am
–	5:30 am	5:37 am	5:42 am
–	6:00 am	6:07 am	6:12 am

Attachment H: Comparison of City Investment in Other Housing Developments

[Comparison Chart follows cover.]

Affordable Multifamily Housing New Construction Cost Comparison

Updated *3/11/2022*

Review Instructions tab before beginning

		Acquisition by Unit/Bed/SF			*Construction by Unit/Bed/SF*			*Soft Costs By Unit/Bed/SF*			Total Development Cost (Incl. Land)			Subsidy	
		Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/ sq.ft[6]	Soft/unit	Soft/BR	Soft/ sq.ft[6]	Gross TDC/unit	Gross TDC/BR	Gross TDC/ sq.ft[6]	Subsidy / unit	Leveraging [7]
Delta of Subject and Comparable Projects		$ (23,765)	$ (13,722)	$ (66)	$ 82,339	$ (56,817)	$ (76)	$ (22,320)	$ (32,968)	$ (48)	$ 39,487	$ (101,644)	$ (141)	$ (12,153)	130.8%
Delta Percentage		-99%	-99%	-99%	13%	-16%	-14%	-14%	-36%	-35%	5%	-22%	-20%	-5%	212.4%
Treasure Island C3.1		$ 181	$ 78	$ 1	$ 712,287	$ 306,217	$ 467	$ 137,342	$ 59,044	$ 90	$ 849,810	$ 365,339	$ 557	$ 209,799	75.3%
Comparable Projects	*Average:*	*$ 23,946*	*$ 13,800*	*$ 66.68*	*$ 629,948*	*$ 363,034*	*$ 543*	*$ 159,662*	*$ 92,012*	*$ 138*	*$ 810,323*	*$ 466,983*	*$ 698*	*$ 221,953*	72.6%

Costs lower than comparable average | *Costs higher than comparable average* | *Costs similar to comparable average*

						Building Square Footage			*Total Project Costs*									
		Lot sq.ft	Completion/ start date	# of Units	# of BR[1]	Res.[2]	Non-Res. Sq. ft.	Total sg. ft.	Acq. Cost[3]	Constr. Cost[4]	Soft Cost	Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
ALL PROJECTS	*Average:*	*35,359*		*122*	*191*	*117,475*	*15,182*	*130,149*	*$ 2,660,775*	*$ 71,639,445*	*$ 19,490,830*	*$ 93,821,536*	*$ 27,182,380*	*$ 91,161,530*				
Comparable Projects Completed (filtered)	*Average:*	*44,108*		*128*	*226*	*127,319*	*17,118*	*144,437*	*$ 2,513,854*	*$ 80,834,852*	*$ 16,688,136*	*$ 98,861,279*	*$ 27,891,392*	*$ 96,347,424*				
Comparable Projects Under Construction (filtered)	*Average:*	*45,933*		*130*	*220*	*127,354*	*24,688*	*136,995*	*$ 5,281,557*	*$ 74,311,597*	*$ 21,651,562*	*$ 101,183,382*	*$ 30,576,918*	*$ 95,901,825*				
Comparable Projects In Predevelopment (filtered)	*Average:*	*47,553*		*126*	*219*	*155,627*	*7,653*	*163,279*	*$ 1,378,721*	*$ 86,193,892*	*$ 22,828,842*	*$ 110,399,455*	*$ 26,564,415*	*$ 109,023,734*				
Total Comparable Projects	*Average:*	*45,864*		*128*	*222*	*136,767*	*16,486*	*148,237*	*$ 3,058,044*	*$ 80,446,780*	*$ 20,389,513*	*$ 103,481,372*	*$ 28,344,242*	*$ 100,424,328*				
Treasure Island C3.1	6th St. Avenue C	49,841		138	321	210,586	-	210,586	$ 25,000	$ 98,295,567	$ 18,953,264	$ 117,273,831	$ 28,952,317	$ 117,248,831		Type IIIA over Type IA	7	4-7 Stories Type V & IIIA over 2 Stories Type IA
Delta of Subject and Comp Project Averages		3,977		10	99	73,819	-16,486	62,349	($3,033,044)	$17,848,787	($1,436,249)	$13,792,459	$608,075	$16,824,503				
Delta Percentage		9%		8%	45%	54%	-100%	42%	-99%	22%	-7%	13%	2%	17%				

PROJECTS COMPLETED						*Building Square Footage*			*Total Project Costs*									
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR[1]	Res.[2]	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
Transbay 7 - Natalie Gubb Comm	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	$ 35,000	$ 67,781,262	$ 16,314,468	$ 84,130,730	$ 25,560,000	$ 84,095,730	HCD AHSC Loan	Type I Podium	4-8	3 Buildings - Pueblo structural system, plus Childcare shell
Mission Bay Bl 6 East	626 Mission Bay Blvd. No.	63,250	Nov-18	143	276	162,080	9,719	171,799	$ 148,125	$ 88,724,017	$ 15,222,907	$ 104,095,049	$ 35,750,000	$ 103,946,924	HCD AHSC Loan	Type IIIA -V over Type I		41 pkg spaces, Mission Bay soils and infrastructure
Mission Bay S. Block 3E	1150 Third Street	47,140	Jan-20	119	192	83,138	41,062	124,200	$ -	$ 71,481,377	$ 7,323,794	$ 78,805,171	$ 20,093,600	$ 78,805,171	HCD VHHP Loan	Type V over Type I		strong articulation / ext. skin due to D4D reqmts.
Parcel O	455 Fell Street	37,428	Jun-19	108	165	82,117	31,128	113,245	$ -	$ 63,708,032	$ 9,994,087	$ 66,648,743	$ 17,309,250	$ 66,648,743	HCD AHSC Loan	Type V over Type I		
88 Broadway - Family Housing	88 Broadway	38,182	Jul-21	125	221	140,279	8,700	148,979	$ 14,900,000	$ 79,238,332	$ 27,758,226	$ 121,896,558	$ 27,908,676	$ 106,996,558		Type IIIA & V over Type I	5-6	Family
691 China Basin (MB South 6W)	691 China Basin St	49,437	Aug-21	152	294	178,050	7,098	185,148	$ -	$ 114,076,089	$ 23,515,332	$ 137,591,421	$ 40,726,827	$ 137,591,421	HCD IIG Grant	Type III and Type V		care space
1990 Folsom Street	1990 Folsom	29,047	Sep-21	143	226	138,824	15,063	153,887	$ 8,407,380	$ 87,533,838	$ 25,616,512	$ 121,557,730	$ 46,711,496	$ 113,150,350		Type I and Type VA	2 & 8	Mixed type - Townhomes + 8 story Type I
Completed Projects:	*Average:*	*33,590*		*105*	*172*	*101,201*	*17,338*	*118,539*	*3,658,905*	*62,892,113*	*13,089,951*	*79,334,301*	*23,698,722*	*75,675,396*				

PROJECTS UNDER CONSTRUCTION						*Building Square Footage*			*Total Project Costs*									
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR[1]	Res.[2]	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
Sunnydale Block 6	242 Hahn Street	95,213	Feb-22	167	375	167,065	76,656	243,721	$ -	$ 102,447,000	$ 28,898,989	$ 131,345,989	$ 28,109,924	$ 131,345,989		Type V over Type I		Does not include infrastrucure assignment)
53 Colton (Plumbers Union DA)	53 Colton	7,780	Jul-22	96	96	47,969	-	47,969	$ 171,697	$ 34,895,639	$ 16,721,274	$ 51,788,610	$ 2,750,000	$ 51,616,913	4%, HCD MHP, AHP,	Type IIIA over Type I	6	Constrained site, efficiency studios
4840 Mission	4840 Mission	64,033	Jun-23	137	232	181,711	14,384	120,861	$ 14,169,802	$ 83,789,393	$ 23,931,086	$ 121,890,281	$ 51,614,447	$ 107,720,479	HCD MHP Loan	Type V over Type I		Inc retail + 39 spaces pkg + Health Clinic + POPO
Under Construction:	*Average:*	*39,501*		*148*	*210*	*132,686*	*18,045*	*143,208*	*3,041,662*	*77,437,727*	*25,188,597*	*105,667,985*	*31,960,212*	*102,626,323*				

PROJECTS IN PREDEVELOPMENT						*Building Square Footage*			*Total Project Costs*									
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR[1]	Res.[2]	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
Shirley Chisholm Village Ed Hsg.	1351 42nd	60,000	Aug-22	135	203	157,635	11,322	168,957	$ -	$ 86,201,784	$ 19,603,978	$ 105,805,762	$ 25,469,902	$ 105,805,762	9% LIHTC	Type 3A	4	9% TCAC (85% CD est 12/20 esc. to 7/22)
Sunnydale Block 3B	TBD	73,000	Jun-22	90	178	125,800	3,400	129,200	$ 20,001	$ 69,588,660	$ 19,750,187	$ 89,338,847	$ 8,466,742	$ 89,338,847	4% Credits; HCD IIG &	Type IIIA	5	parking
Potrero Block B	25th and Connecticut	74,311	May-22	157	348	274,371	10,473	284,844	$ 11,919,500	$ 134,134,011	$ 43,184,240	$ 189,237,751	$ 11,991,620	$ 177,318,251	4% Credits; HCD IIG &	Type IIIA	5-6	65 pkg + cc + park. excl. Infra (CHA app est 10/21)
HPSY Block 52-54	151 and 351 Friedell St	45,580	May-22	112	217	147,190	21,541	168,731	$ -	$ 91,878,228	$ 16,839,389	$ 108,717,617	$ 59,200,732	$ 108,717,617	4% credits, bonds	Type III over Type 1		ratio 6/1
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	39,355	May-22	118	286	172,645	3,881	176,526	$ -	$ 99,328,925	$ 23,897,677	$ 123,226,602	$ 37,735,027	$ 123,226,602	4% Credits; HCD MHP	Type III-A over Type I	5-6	Incl Comml spaces & 56 Pkg (35% CD 8/20)
4200 Geary	4200 Geary	16,738	Sep-22	98	98	76,834	1,908	78,742	$ -	$ 54,491,394	$ 17,509,109	$ 72,000,503	$ 17,482,086	$ 72,000,503	4% Credits; HCD MHP	Type III over Type I	7	Comml Sp, Urban Ag (95% CD/Add 1&2; est 1/15/2022)
Laguna Honda Senior	375 Laguna Honda Blvd		Feb-23	200	204	212,000	13,000	225,000	$ 15,000	$ 97,750,000	$ 20,222,441	$ 117,987,441	$ 47,272,441	$ 117,972,441	4% Credits; IIG, HCD,	Type III over Type I	7	
Reservoir Buiding E	Lee Avenue	31,008	Mar-23	124	192	138,150	1,000	139,150	$ 1,777,707	$ 73,866,869	$ 30,807,599	$ 106,452,175	$ 13,628,128	$ 104,674,468		Type IIIA over Type IA	7	Estimate Predev LE 3/21
Sunnydale Block 9	TBD	52,272	Oct-24	100	239	108,644	-	108,644	$ 10,000	$ 80,087,484	$ 20,587,449	$ 100,684,933	$ 18,660,015	$ 100,684,933	4% Credits; HCD IIG &	Type IIIA over Type IA	4	Parking at .74 ratio
1515 SVN	1515 South Van Ness Ave	35,714	May-24	122	220	143,000	10,000	153,000	$ 45,000	$ 74,611,565	$ 15,886,352	$ 90,542,917	$ 25,737,456	$ 90,497,917	4% credits, HCD MHP	TBD	6	No design; 10k sf retail, no pkg (10/19/21 LE est)
In Predevelopment	*Average:*	*32,988*		*114*	*191*	*118,537*	*10,164*	*128,701*	*$ 1,281,760*	*$ 74,588,494*	*$ 20,193,942*	*$ 96,462,323*	*$ 25,888,206*	*$ 95,182,871*				

[0] items highlighted in yellow represent gaps in information

[1] includes studios as 1BRs

[2] *Residential sq. ft.* includes circulation, recreation (including on-grade and podium outdoor areas), office space and common areas; excludes day care centers, parking, and commercial (non-res.)

[3] *Acquisition* includes cost of buying land/building including costs if City buys site; excludes demotion of existing building

[4] *Construction* includes unit construction, site preparation/demolition (if applicable), site improvements, environmental remediation and hard cost contingency for Predev & During Construction. Completed projects include used Contingency and are escalated per ENR CCI data

[5] All non-amortized local funds

[6] *Total* square footage

[7] *Leveraging* = subsidy/unit as % of TDC/unit

[8] Land Costs do not include $6,150,000 in land costs MOHCD paid outside of the housing costs.

Attachment I: Predevelopment Budget

N/A

Attachment J: Development Budget

[Development Budget follows cover.]

MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date: | **# Units:** 138
Project Name: Treasure Island Parcel C3.1 | ***# Bedrooms:*** N/A
Project Address: | **# Beds:**
Project Sponsor: Mercy Housing Calwest

								Total Sources	**Comments**
SOURCES		**28,952,317**	**4,500,000**	**13,753,000**	**55,601,514**	**14,467,000**	**-**	**117,273,831**	
	Name of Sources:	MOHCD/OCII	MOHCD Predev Loan	AHSC	HCD Accelerator Funds	Perm Loan			
USES									
ACQUISITION									
Acquisition cost or value		0						0	
Legal / Closing costs / Broker's Fee			25,000					25,000	
Holding Costs								0	
Transfer Tax								0	
TOTAL ACQUISITION		**0**	**25,000**	**0**	**0**	**0**	**0**	**25,000**	
CONSTRUCTION (HARD COSTS)									
* Unit Construction/Rehab		10,191,900		12,609,148	50,856,273	7,989,938		81,647,259	
* Commercial Shell Construction								0	
* Demolition								0	
Environmental Remediation								0	
* Onsight Improvements/Landscaping								0	
* Offsite Improvements								0	
* Infrastructure Improvements								0	Graval removal from TI-C3.1 and placed on another lot
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes		2,437,333						2,437,333	
GC Overhead & Profit		3,456,784						3,456,784	
CG General Conditions		5,027,263						5,027,263	
Sub-total Construction Costs		*21,113,280*	*0*	*12,609,148*	*50,856,273*	*7,989,938*	*0*	*92,568,639*	
Design Contingency (remove at DD)								0	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+
Bid Contingency (remove at bid)								0	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+
Plan Check Contingency (remove/reduce during Plan Revie		1,046,187		0				1,046,187	plan check and escalation
Hard Cost Construction Contingency		0			4,680,741			4,680,741	5% new construction / 15% rehab
Sub-total Construction Contingencies		*1,046,187*	*0*	*0*	*4,680,741*	*0*	*0*	*5,726,928*	
TOTAL CONSTRUCTION COSTS		**22,159,467**	**0**	**12,609,148**	**55,537,014**	**7,989,938**	**0**	**98,295,567**	

Construction line item costs as a % of hard costs

	2.6%
	3.7%
	5.4%
	0.0%
	0.0%
	1.1%
	5.1%

SOFT COSTS

Architecture & Design

Architect design fees		2,079,272					2,079,272	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)		605,584					605,584	
Architect Construction Admin	575,518	356,406					931,924	
Reimbursables		19,906					19,906	
Additional Services	229,207	0					229,207	
Sub-total Architect Contract	*804,725*	*3,061,168*	*0*	*0*	*0*	*0*	*3,865,893*	
Other Third Party design consultants (not included under Architect contract)	206,351	575,000					781,351	Consultants not covered under architect contract; name consultant type and contract amount
Total Architect & Design	**1,011,076**	**3,636,168**	**0**	**0**	**0**	**0**	**4,647,244**	

Engineering & Environmental Studies

Survey	0	10,000					10,000	
Geotechnical studies		44,523					44,523	
Phase I & II Reports		0					0	
CEQA / Environmental Review consultants	100,000						100,000	
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants	0						0	Cox Castle & Nichlson - Env review of lawsuit
Total Engineering & Environmental Studies	**100,000**	**54,523**	**0**	**0**	**0**	**0**	**154,523**	

Financing Costs

Construction Financing Costs

Construction Loan Origination Fee					610,707		610,707	0.75%
Construction Loan Interest	0			0	4,013,705		4,013,705	During and after construction
Title & Recording					40,000		40,000	
CDLAC & CDIAC fees							0	
Bond Issuer Fees							0	
Other Bond Cost of Issuance							0	
Other Lender Costs (specify) Construction Loan Costs/ Predev loan and interest costs	198,500			47,000		0	245,500	
Sub-total Const. Financing Costs	*198,500*	*0*	*0*	*47,000*	*4,664,412*	*0*	*4,909,912*	

Permanent Financing Costs

Permanent Loan Origination Fee				17,500	0		17,500	
Credit Enhance. & Appl. Fee							0	
Title & Recording					50,000		50,000	
Sub-total Perm. Financing Costs	*0*	*0*	*0*	*17,500*	*50,000*	*0*	*67,500*	
Total Financing Costs	**198,500**	**0**	**0**	**64,500**	**4,714,412**	**0**	**4,977,412**	

Legal Costs

Borrower Legal fees	5,000						5,000	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel					75,000		75,000	
Permanent Lender Counsel					80,000		80,000	
* Other Legal (Title Construction & Perm Closing)	0	0			40,000		40,000	$40K Perm Title Closing, $50K Constr Title Closing, $20K unknown
Total Legal Costs	**5,000**	**0**	**0**	**0**	**195,000**	**0**	**200,000**	

Other Development Costs

Appraisal		15,000					15,000	
Market Study		15,000			15,000		30,000	
* Insurance					980,000		980,000	$980K Course of Construction
* Property Taxes							0	
Accounting / Audit	25,000						25,000	
* Organizational Costs							0	
Entitlement / Permit Fees	1,625,870	14,669					1,640,539	
* Marketing / Rent-up	834,720						834,720	includes $220,000 fee for CCCYO
* Furnishings				0	572,650		572,650	$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	475,000						475,000	
TCAC App / Alloc / Monitor Fees		2,000					2,000	
* Financial Consultant fees	36,437	18,563					55,000	
Construction Management fees / Owner's Rep	119,000	141,000					260,000	4 yrs of CM beginning 2018 & 2 years of construction
Security during Construction							0	
* Relocation							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs	**3,116,027**	**206,232**	**0**	**0**	**1,567,650**	**0**	**4,889,909**	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	712,247	28,077			0		740,324	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	**5,142,850**	**3,925,000**	**0**	**64,500**	**6,477,062**	**0**	**15,609,412**	

Total Soft Cost Contingency as % of Total Soft Costs **5.0%**

RESERVES

* Operating Reserves			1,143,852				1,143,852	
Replacement Reserves							0	
* Tenant Improvements Reserves							0	
* Other (specify)							0	
* Other (specify)							0	
* Other (specify)							0	
TOTAL RESERVES	**0**	**0**	**1,143,852**	**0**	**0**	**0**	**1,143,852**	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	550,000	550,000					1,100,000	
Developer Fee - Cash-out At Risk	1,100,000						1,100,000	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS	**1,650,000**	**550,000**	**0**	**0**	**0**	**0**	**2,200,000**	

TOTAL DEVELOPMENT COST	**28,952,317**	**4,500,000**	**13,753,000**	**55,601,514**	**14,467,000**	**0**	**117,273,831**	
Development Cost/Unit by Source	209,799	32,609	99,659	402,910	104,833	0	849,810	
Development Cost/Unit as % of TDC by Source	24.7%	3.8%	11.7%	47.4%	12.3%	0.0%	100.0%	
Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/Unit By Source	160,576	0	91,371	402,442	57,898	0	712,287	
Construction Cost (inc Const Contingency)/SF	105.23	0.00	59.88	263.73	37.94	0.00	466.77	

**Possible non-eligible GO Bond/COP Amount:*	*11,063,057*
City Subsidy/Unit	209,799
Tax Credit Equity Pricing:	N/A
Construction Bond Amount:	81,427,662
Construction Loan Term (in months):	36 months
Construction Loan Interest Rate (as %):	3.50%

Attachment K: 1st Year Operating Budget

[1st Year Operating Budget follows cover.]

Application Date: | **Project Name:** **Treasure Island Parcel C3.1**

Total # Units: 138 | **Project Address:**

First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): **2023** | **Project Sponsor:** **Mercy Housing Calwest**

TCAC Income Limits In Use!

INCOME	**Total**	**Comments**
Residential - Tenant Rents: 80% AMI or Less	1,939,296	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Rents: >80 AMI	637,740	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	1,543,704	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - LOSP Tenant Assistance Payments	0	
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	7,607	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	**4,128,347**	
Vacancy Loss - Residential - Tenant Rents: 80% AMI or Less	(96,965)	Vacancy loss is 5% of <=80% AMI Tenant Rents.
Vacancy Loss - Residential - Tenant Rents: >80% AMI or Less	(31,887)	Vacancy loss is 5% of >80% AMI Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(77,185)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	**3,922,310**	***PUPA: 28,423***
OPERATING EXPENSES		
Management		
Management Fee	113,400	1st Year to be set according to HUD schedule.
Asset Management Fee		
Sub-total Management Expenses	**113,400**	***PUPA: 822***
Salaries/Benefits		
Office Salaries	225,735	2.0 FTE at $17.50 per hour - bayview hill gardens has 75 family units and requires full-time
Manager's Salary	85,600	1.0 FTE SPM with PSH experience and bonus
Health Insurance and Other Benefits	94,752	
Other Salaries/Benefits	134,111	
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	**540,198**	***PUPA: 3,914***
Administration		
Advertising and Marketing	4,140	$10 PUPA for collatoral, branding and signage ; $20 PUPA for res.engagement based on
Office Expenses	35,425	postage, office supplies, dues
Office Rent		
Legal Expense - Property	10,500	
Audit Expense	12,500	
Bookkeeping/Accounting Services	20,700	$12.50 PUPM
Bad Debts		
Miscellaneous	11,000	$47 PUPA for compliance cost plus three employee checks, T-shorts for main. And Janitorial
Sub-total Administration Expenses	**94,265**	***PUPA: 683***
Utilities		
Electricity	59,478	All electric using ref from C Rood
Water	130,000	Estimated based on multiple SF PSH family properties. 10 & Mission currently is $158000 per year; Bay View Hill Garden is $81000; 455 Fell is $89000 per year.
Gas		
Sewer	180,000	
Sub-total Utilities	**369,478**	***PUPA: 2,677***
Taxes and Licenses		
Real Estate Taxes	82,384	RE Taxes for Legacy units
Payroll Taxes		
Miscellaneous Taxes, Licenses and Permits		
Sub-total Taxes and Licenses	**82,384**	***PUPA: 597***
Insurance		
Property and Liability Insurance	210,002	Insurance quote
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	**210,002**	***PUPA: 1,522***
Maintenance & Repair		
Payroll	110,892	1 MM at $29.50 per hour and 1 Maintenance Tech $20.00 per hour; $36 PUPA for Regional Maintenanance Specialist (new to properties); Janitorial service at 40 hours per week at the property : $68000 (Base on 455 Fell st estimate); $22000 included exterior window washing 1x/yr, professional floor cleaning 1x/yr for common area carpet
Supplies	14,390	includes $90 PUPA including Ops Tech Admin fees (17 PUPA) for PSF property
Contracts	168,300	Annual fire alarm testing; fire sprinkler testing (quarterly and annual); fire extinguisher testing, monthly extermination service at $1700 per month plus two bed bug treatments, 2 elevator repairs and emergencies, smoke detector replacement
Garbage and Trash Removal	148,074	Based on 10 & Mission current contract: Recology at $9575 per month. Cleancology $3150 per month for sorting garbage; 1180 4th- $9575 per month plus $3307 per month sorting garbage
Security Payroll/Contract	15,000	on call staff coverage as needed. Budget at $31.50 per hour
HVAC Repairs and Maintenance	8,000	
Vehicle and Maintenance Equipment Operation and Repairs	1,200	
Miscellaneous Operating and Maintenance Expenses	26,000	unit turn over costs
Sub-total Maintenance & Repair Expenses	**491,856**	***PUPA: 3,564***
Supportive Services	100,100	
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
TOTAL OPERATING EXPENSES	***2,001,683***	***PUPA: 14,505***
Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Island Development Authority — Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	69,000	$500 PUPA
Operating Reserve Deposit	62,100	$450 PUPA for HOA Fee
Other Required Reserve 1 Deposit	3,000	OTI fee
Other Required Reserve 2 Deposit		
Required Reserve Deposit/s, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	**149,100**	***PUPA: 1,080***
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	**2,150,783**	***PUPA: 15,585***
NET OPERATING INCOME (INCOME minus OP EXPENSES)	**1,771,527**	***PUPA: 12,837***

Min DSCR:	1.15
Mortgage Rate:	5.20%
Term (Years):	20
Supportable 1st Mortgage Pmt:	1,540,458
Supportable 1st Mortgage Amt:	$19,129,829
Proposed 1st Mortgage Amt:	$14,467,000

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

Hard Debt - First Lender	1,205,011	Perm Loan	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len	57,763	HCD AHSC	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0		Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
TOTAL HARD DEBT SERVICE	**1,262,774**	***PUPA: 9,151***	

CASH FLOW (NOI minus DEBT SERVICE) **508,753**

USES OF CASH FLOW BELOW (This row also shows DSCR.) ***1.40***

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	24,280	1	
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)			Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0%	Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	**24,280**	***PUPA: 176***	

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) **484,473**

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? **Yes** Project has MOHCD ground lease? **No**

Will Project Defer Developer Fee? **Yes**

Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1: 50% Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): **0**

% of Residual Receipts available for distribution to **soft debt lenders** in 50%

Soft Debt Lenders with Residual Receipts Obligations	*(Select lender name/program from drop down)*	**Total Principal Amt**	**Distrib. of Soft Debt Loans**
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	$33,662,809	70.97%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Acquisition Cost	$15,000	0.03%
HCD (soft debt loan) - Lender 3	HCD AHSC	$13,753,000	29.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	343,995	50% of residual receipts, multiplied by 71% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	343,995	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE **140,477**

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due	140,477	50% of residual receipts, multiplied by 29% -- HCD AHSC 's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	**140,477**	

REMAINDER (Should be zero unless there are distributions below) **0**

Owner Distributions/Incentive Management Fee	0	
Other Distributions/Uses	0	
Final Balance (should be zero)	**0**	

Attachment L: 20-year Operating Proforma

[20-year Operating Budget follows cover.]

Treasure Island Parcel C3.1

TCAC Income Limits In Use!

Total # Units: *138*

INCOME	% annual increase	Comments (related to annual inc assumptions)	Year 1 2023 Total	Year 2 2024 Total	Year 3 2025 Total	Year 4 2026 Total	Year 5 2027 Total	Year 6 2028 Total	Year 7 2029 Total	Year 8 2030 Total	Year 9 2031 Total	Year 10 2032 Total	Year 11 2033 Total	Year 12 2034 Total
Residential - Tenant Rents: 80% AMI or Less	2.5%		1,939,296	1,987,778	2,037,473	2,088,410	2,140,620	2,194,135	2,248,989	2,305,214	2,362,844	2,421,915	2,482,463	2,544,524
Residential - Tenant Rents: >80 AMI	1.0%		637,740	644,117	650,559	657,064	663,635	670,271	676,974	683,744	690,581	697,487	704,462	711,506
Residential - Tenant Assistance Payments (Non-LOSP)	1.0%		1,543,704	1,559,141	1,574,732	1,590,480	1,606,385	1,622,448	1,638,673	1,655,060	1,671,610	1,688,326	1,705,210	1,722,262
Residential - LOSP Tenant Assistance Payments	n/a		-	-	-	-	-	-	-	-	-	-	-	-
Commercial Space	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		7,607	7,797	7,992	8,191	8,396	8,606	8,821	9,042	9,268	9,500	9,737	9,980
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-											
Gross Potential Income			**4,128,347**	**4,198,834**	**4,270,756**	**4,344,145**	**4,419,036**	**4,495,461**	**4,573,457**	**4,653,059**	**4,734,303**	**4,817,228**	**4,901,871**	**4,988,273**
Vacancy Loss - Residential - Tenant Rents: 80% AMI or Less	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(96,965)	(99,389)	(101,874)	(104,420)	(107,031)	(109,707)	(112,449)	(115,261)	(118,142)	(121,096)	(124,123)	(127,226)
Vacancy Loss - Residential - Tenant Rents: >80% AMI or Less			(31,887)	(32,206)	(32,528)	(32,853)	(33,182)	(33,514)	(33,849)	(34,187)	(34,529)	(34,874)	(35,223)	(35,575)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(77,185)	(77,957)	(78,737)	(79,524)	(80,319)	(81,122)	(81,934)	(82,753)	(83,581)	(84,416)	(85,260)	(86,113)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			**3,922,310**	**3,989,282**	**4,057,617**	**4,127,347**	**4,198,504**	**4,271,118**	**4,345,225**	**4,420,858**	**4,498,051**	**4,576,841**	**4,657,264**	**4,739,358**
OPERATING EXPENSES														
Management														
Management Fee	3.5%	1st Year to be set according to HUD schedule.	113,400	117,369	121,477	125,729	130,129	134,684	139,398	144,276	149,326	154,553	159,962	165,561
Asset Management Fee	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Management Expenses			**113,400**	**117,369**	**121,477**	**125,729**	**130,129**	**134,684**	**139,398**	**144,276**	**149,326**	**154,553**	**159,962**	**165,561**
Salaries/Benefits														
Office Salaries	3.5%		225,735	233,636	241,813	250,276	259,036	268,102	277,486	287,198	297,250	307,654	318,422	329,566
Manager's Salary	3.5%		85,600	88,596	91,697	94,906	98,228	101,666	105,224	108,907	112,719	116,664	120,747	124,973
Health Insurance and Other Benefits	3.5%		94,752	98,068	101,501	105,053	108,730	112,536	116,474	120,551	124,770	129,137	133,657	138,335
Other Salaries/Benefits	3.5%		134,111	138,805	143,663	148,691	153,895	159,282	164,857	170,627	176,599	182,780	189,177	195,798
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			**540,198**	**559,105**	**578,674**	**598,927**	**619,890**	**641,586**	**664,041**	**687,283**	**711,338**	**736,234**	**762,003**	**788,673**
Administration														
Advertising and Marketing	3.5%		4,140	4,285	4,435	4,590	4,751	4,917	5,089	5,267	5,452	5,642	5,840	6,044
Office Expenses	3.5%		35,425	36,665	37,948	39,276	40,651	42,074	43,546	45,070	46,648	48,281	49,970	51,719
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		10,500	10,868	11,248	11,642	12,049	12,471	12,907	13,359	13,826	14,310	14,811	15,330
Audit Expense	3.5%		12,500	12,938	13,390	13,859	14,344	14,846	15,366	15,903	16,460	17,036	17,632	18,250
Bookkeeping/Accounting Services	3.5%		20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258	28,212	29,199	30,221
Bad Debts	3.5%		-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%		11,000	11,385	11,783	12,196	12,623	13,065	13,522	13,995	14,485	14,992	15,517	16,060
Sub-total Administration Expenses			**94,265**	**97,564**	**100,979**	**104,513**	**108,171**	**111,957**	**115,876**	**119,931**	**124,129**	**128,474**	**132,970**	**137,624**
Utilities														
Electricity	3.5%		59,478	61,560	63,714	65,944	68,252	70,641	73,114	75,673	78,321	81,062	83,900	86,836
Water	3.5%		130,000	134,550	139,259	144,133	149,178	154,399	159,803	165,396	171,185	177,177	183,378	189,796
Gas	3.5%		-	-	-	-	-	-	-	-	-	-	-	-
Sewer	3.5%		180,000	186,300	192,821	199,569	206,554	213,784	221,266	229,010	237,026	245,322	253,908	262,795
Sub-total Utilities			**369,478**	**382,410**	**395,794**	**409,647**	**423,985**	**438,824**	**454,183**	**470,079**	**486,532**	**503,561**	**521,185**	**539,427**
Taxes and Licenses														
Real Estate Taxes	3.5%		82,384	85,267	88,252	91,341	94,538	97,846	101,271	104,815	108,484	112,281	116,211	120,278
Payroll Taxes	3.5%		-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%		-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Taxes and Licenses			**82,384**	**85,267**	**88,252**	**91,341**	**94,538**	**97,846**	**101,271**	**104,815**	**108,484**	**112,281**	**116,211**	**120,278**
Insurance														
Property and Liability Insurance	3.5%		210,002	217,352	224,959	232,833	240,982	249,416	258,146	267,181	276,533	286,211	296,229	306,597
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		-	-	-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			**210,002**	**217,352**	**224,959**	**232,833**	**240,982**	**249,416**	**258,146**	**267,181**	**276,533**	**286,211**	**296,229**	**306,597**
Maintenance & Repair														
Payroll	3.5%		110,892	114,773	118,790	122,948	127,251	131,705	136,315	141,086	146,024	151,134	156,424	161,899
Supplies	3.5%		14,390	14,894	15,415	15,954	16,513	17,091	17,689	18,308	18,949	19,612	20,299	21,009
Contracts	3.5%		168,300	174,191	180,287	186,597	193,128	199,888	206,884	214,125	221,619	229,376	237,404	245,713
Garbage and Trash Removal	3.5%		148,074	153,257	158,621	164,172	169,918	175,865	182,021	188,391	194,985	201,810	208,873	216,184
Security Payroll/Contract	3.5%		15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443	21,159	21,900
HVAC Repairs and Maintenance	3.5%		8,000	8,280	8,570	8,870	9,180	9,501	9,834	10,178	10,534	10,903	11,285	11,680
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		1,200	1,242	1,285	1,330	1,377	1,425	1,475	1,527	1,580	1,635	1,693	1,752
Miscellaneous Operating and Maintenance Expenses	3.5%		26,000	26,910	27,852	28,827	29,836	30,880	31,961	33,079	34,237	35,435	36,676	37,959
Sub-total Maintenance & Repair Expenses			**491,856**	**509,071**	**526,888**	**545,330**	**564,416**	**584,171**	**604,617**	**625,778**	**647,680**	**670,349**	**693,811**	**718,095**
Supportive Services	3.5%		100,100	103,604	107,230	110,983	114,867	118,887	123,048	127,355	131,813	136,426	141,201	146,143
Commercial Expenses		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			***2,001,683***	**2,071,742**	**2,144,253**	**2,219,302**	**2,296,977**	**2,377,371**	**2,460,579**	**2,546,700**	**2,635,834**	**2,728,088**	**2,823,572**	**2,922,397**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)			***14,505***											
Reserves/Ground Lease Base Rent/Bond Fees			*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.*											
Ground Lease Base Rent			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			69,000	69,000	69,000	69,000	69,000	69,000	69,000	69,000	69,000	69,000	69,000	69,000
Operating Reserve Deposit		$450 PUPA for HOA Fee	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100
Other Required Reserve 1 Deposit		OTI fee	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			**149,100**	**149,100**	**149,100**	**149,100**	**149,100**	**149,100**	**149,100**	**149,100**	**149,100**	**149,100**	**149,100**	**149,100**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			**2,150,783**	**2,220,842**	**2,293,353**	**2,368,402**	**2,446,077**	**2,526,471**	**2,609,679**	**2,695,800**	**2,784,934**	**2,877,188**	**2,972,672**	**3,071,497**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)			***15,585***											
NET OPERATING INCOME (INCOME minus OP EXPENSES)			**1,771,527**	**1,768,440**	**1,764,264**	**1,758,946**	**1,752,426**	**1,744,647**	**1,735,546**	**1,725,058**	**1,713,117**	**1,699,653**	**1,684,593**	**1,667,862**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)			*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.*											
Hard Debt - First Lender		Enter comments re: annual increase, etc.	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	57,763	57,763	57,763	57,763	57,763	57,763	57,763	57,763	57,763	57,763	57,763	57,763
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**
CASH FLOW (NOI minus DEBT SERVICE)			**508,753**	**505,666**	**501,490**	**496,172**	**489,652**	**481,873**	**472,772**	**462,284**	**450,343**	**436,879**	**421,819**	**405,088**
USES OF CASH FLOW BELOW (This row also shows DSCR.)		***DSCR:***	***1.403***	***1.4***	***1.397***	***1.393***	***1.388***	***1.382***	***1.374***	***1.366***	***1.357***	***1.346***	***1.334***	***1.321***
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.*											
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	24,280	25,129.80	26,009.34	26,919.67	27,861.86	28,837.02	29,846.32	30,890.94	31,972.12	33,091.15	34,249.34	35,448.06
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	-											
Other Payments			-											
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	-											
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-											
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-											
TOTAL PAYMENTS PRECEDING MOHCD			***24,280***	***25,130***	***26,009***	***26,920***	***27,862***	***28,837***	***29,846***	***30,891***	***31,972***	***33,091***	***34,249***	***35,448***
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			**484,473**	**480,536**	**475,481**	**469,252**	**461,790**	**453,036**	**442,925**	**431,393**	**418,371**	**403,788**	**387,570**	**369,640**
Does Project have a MOHCD Residual Receipt Obligation?	**Yes**	Year 15 is year indicated below:												
Will Project Defer Developer Fee?	**Yes**	2037												
1st Residual Receipts Split - Lender/Deferred Developer Fee	*50% / 50%*	2nd Residual Receipts Split Begins:												
2nd Residual Receipts Split - Lender/Owner	*67% / 33%*	2024												
Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):			-	-	-	-	-	-	-	-	-	-	-	-
	Dist. Soft Debt Loans	lative Deferred Developer Fee Earned	-	-	-	-	-	-	-	-	-	-	-	-
MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
MOHCD Residual Receipts Amount Due	*71.00%*	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	343,995	227,467	225,074	222,125	218,593	214,449	209,663	204,204	198,040	191,137	183,460	174,973
Proposed MOHCD Residual Receipts Amount to Loan Repayment			343,995	227,467	225,074	222,125	218,593	214,449	209,663	204,204	198,040	191,137	183,460	174,973
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment	-	-	-	-	-	-	-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE														
HCD Residual Receipts Amount Due	*29.00%*	loans, and HCD residual receipt policy.	140,477	92,891	91,913	90,709	89,267	87,575	85,620	83,391	80,874	78,055	74,920	71,454
Lender 4 Residual Receipts Due	*0.00%*		-	-	-	-	-	-	-	-	-	-	-	-
Lender 5 Residual Receipts Due	*0.00%*		-	-	-	-	-	-	-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service			**140,477**	**92,891**	**91,913**	**90,709**	**89,267**	**87,575**	**85,620**	**83,391**	**80,874**	**78,055**	**74,920**	**71,454**
REMAINDER (Should be zero unless there are distributions below)			**0**	**160,179**	**158,494**	**156,417**	**153,930**	**151,012**	**147,642**	**143,798**	**139,457**	**134,596**	**129,190**	**123,213**
Owner Distributions/Incentive Management Fee			-	160,179	158,494	156,417	153,930	151,012	147,642	143,798	139,457	134,596	129,190	123,213
Other Distributions/Uses			-											
Final Balance (should be zero)			-	-	-	-	-	-	-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE														
Replacement Reserve Starting Balance			-	**69,000**	**138,000**	**207,000**	**276,000**	**345,000**	**414,000**	**483,000**	**552,000**	**621,000**	**690,000**	**759,000**
Replacement Reserve Deposits			**69,000**	**69,000**	**69,000**	**69,000**	**69,000**	**69,000**	**69,000**	**69,000**	**69,000**	**69,000**	**69,000**	**69,000**
Replacement Reserve Withdrawals (ideally tied to CNA)			-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserve Interest														
RR Running Balance			**69,000**	**138,000**	**207,000**	**276,000**	**345,000**	**414,000**	**483,000**	**552,000**	**621,000**	**690,000**	**759,000**	**828,000**
		RR Balance/Unit	*$500*	*$1,000*	*$1,500*	*$2,000*	*$2,500*	*$3,000*	*$3,500*	*$4,000*	*$4,500*	*$5,000*	*$5,500*	*$6,000*
OPERATING RESERVE - RUNNING BALANCE														
Operating Reserve Starting Balance			-	**62,100**	**124,200**	**186,300**	**248,400**	**310,500**	**372,600**	**434,700**	**496,800**	**558,900**	**621,000**	**683,100**
Operating Reserve Deposits			**62,100**	**62,100**	**62,100**	**62,100**	**62,100**	**62,100**	**62,100**	**62,100**	**62,100**	**62,100**	**62,100**	**62,100**
Operating Reserve Withdrawals														
Operating Reserve Interest														
OR Running Balance			**62,100**	**124,200**	**186,300**	**248,400**	**310,500**	**372,600**	**434,700**	**496,800**	**558,900**	**621,000**	**683,100**	**745,200**
		OR Balance as a % of Prior Yr Op Exps + Debt Service		*3.6%*	*5.3%*	*7.0%*	*8.6%*	*10.0%*	*11.5%*	*12.8%*	*14.1%*	*15.3%*	*16.5%*	*17.6%*
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE														
Other Reserve 1 Starting Balance				**3,000**	**6,000**	**9,000**	**12,000**	**15,000**	**18,000**	**21,000**	**24,000**	**27,000**	**30,000**	**33,000**
Other Reserve 1 Deposits			**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**
Other Reserve 1 Withdrawals														
Other Reserve 1 Interest														
Other Required Reserve 1 Running Balance			**3,000**	**6,000**	**9,000**	**12,000**	**15,000**	**18,000**	**21,000**	**24,000**	**27,000**	**30,000**	**33,000**	**36,000**
OTHER RESERVE 2 - RUNNING BALANCE														
Other Reserve 2 Starting Balance				-	-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Deposits			-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals														
Other Reserve 2 Interest														
Other Required Reserve 2 Running Balance			-	-	-	-	-	-	-	-	-	-	-	-
DEFERRED DEVELOPER FEE - RUNNING BALANCE														
Developer Fee Starting Balance			-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee Earned in Year			-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Remaining Balance			-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee % Split			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Owner Distribution % Split			0%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Soft Debt Lender % Split			100%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%
MOHCD Base Rent Due			-	-	-	-	-	-	-	-	-	-	-	-
MOHCD Base Rent Proposed to be Paid			-	-	-	-	-	-	-	-	-	-	-	-
Balance - MOHCD Base Rent Accrued			-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Balance - MOHCD Base Rent Accrued			-	-	-	-	-	-	-	-	-	-	-	-
MOHCD Residual Rent Due			-	-	-	-	-	-	-	-	-	-	-	-
MOHCD Residual Rent Proposed to be Paid			-	-	-	-	-	-	-	-	-	-	-	-
Balance - MOHCD Residual Rent Accrued			-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Balance - MOHCD Residual Rent Accrued			-	-	-	-	-	-	-	-	-	-	-	-

Treasure Island Parcel C3.1

Total # Units: *138*

INCOME	% annual increase	Comments (related to annual inc assumptions)	Year 13 2035 Total	Year 14 2036 Total	Year 15 2037 Total	Year 16 2038 Total	Year 17 2039 Total	Year 18 2040 Total	Year 19 2041 Total	Year 20 2042 Total
Residential - Tenant Rents: 80% AMI or Less	2.5%		2,608,138	2,673,341	2,740,174	2,808,679	2,878,896	2,950,868	3,024,640	3,100,256
Residential - Tenant Rents: >80 AMI	1.0%		718,621	725,808	733,066	740,396	747,800	755,278	762,831	770,459
Residential - Tenant Assistance Payments (Non-LOSP)	1.0%		1,739,484	1,756,879	1,774,448	1,792,192	##########	1,828,215	1,846,498	1,864,963
Residential - LOSP Tenant Assistance Payments	n/a		-	-	-	-	-	-	-	-
Commercial Space	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-	-	-	-
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		10,230	10,486	10,748	11,017	11,292	11,574	11,864	12,160
Tenant Charges	2.5%		-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable								
Gross Potential Income			**5,076,473**	**5,166,513**	**5,258,436**	**5,352,284**	**5,448,102**	**5,545,936**	**5,645,832**	**5,747,838**
Vacancy Loss - Residential - Tenant Rents: 80% AMI or Less	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(130,407)	(133,667)	(137,009)	(140,434)	(143,945)	(147,543)	(151,232)	(155,013)
Vacancy Loss - Residential - Tenant Rents: >80% AMI or Less			(35,931)	(36,290)	(36,653)	(37,020)	(37,390)	(37,764)	(38,142)	(38,523)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(86,974)	(87,844)	(88,722)	(89,610)	(90,506)	(91,411)	(92,325)	(93,248)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			**4,823,161**	**4,908,712**	**4,996,052**	**5,085,221**	**5,176,262**	**5,269,218**	**5,364,134**	**5,461,054**
OPERATING EXPENSES										
Management										
Management Fee	3.5%	1st Year to be set according to HUD schedule.	171,355	177,353	183,560	189,985	196,634	203,516	210,639	218,012
Asset Management Fee	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-
Sub-total Management Expenses			**171,355**	**177,353**	**183,560**	**189,985**	**196,634**	**203,516**	**210,639**	**218,012**
Salaries/Benefits										
Office Salaries	3.5%		341,101	353,040	365,396	378,185	391,421	405,121	419,300	433,976
Manager's Salary	3.5%		129,347	133,875	138,560	143,410	148,429	153,624	159,001	164,566
Health Insurance and Other Benefits	3.5%		143,177	148,188	153,375	158,743	164,299	170,049	176,001	182,161
Other Salaries/Benefits	3.5%		202,651	209,744	217,085	224,683	232,547	240,686	249,110	257,829
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			**816,276**	**844,846**	**874,416**	**905,020**	**936,696**	**969,480**	**1,003,412**	**1,038,531**
Administration										
Advertising and Marketing	3.5%		6,256	6,475	6,701	6,936	7,179	7,430	7,690	7,959
Office Expenses	3.5%		53,530	55,403	57,342	59,349	61,426	63,576	65,802	68,105
Office Rent	3.5%		-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		15,866	16,422	16,996	17,591	18,207	18,844	19,504	20,186
Audit Expense	3.5%		18,888	19,549	20,234	20,942	21,675	22,433	23,219	24,031
Bookkeeping/Accounting Services	3.5%		31,279	32,374	33,507	34,680	35,894	37,150	38,450	39,796
Bad Debts	3.5%		-	-	-	-	-	-	-	-
Miscellaneous	3.5%		16,622	17,204	17,806	18,429	19,074	19,741	20,432	21,148
Sub-total Administration Expenses			**142,441**	**147,426**	**152,586**	**157,927**	**163,454**	**169,175**	**175,096**	**181,225**
Utilities										
Electricity	3.5%		89,875	93,021	96,277	99,646	103,134	106,744	110,480	114,347
Water	3.5%		196,439	203,314	210,430	217,795	225,418	233,308	241,474	249,925
Gas	3.5%		-	-	-	-	-	-	-	-
Sewer	3.5%		271,992	281,512	291,365	301,563	312,117	323,042	334,348	346,050
Sub-total Utilities			**558,307**	**577,847**	**598,072**	**619,005**	**640,670**	**663,093**	**686,301**	**710,322**
Taxes and Licenses										
Real Estate Taxes	3.5%		124,488	128,845	133,355	138,022	142,853	147,853	153,027	158,383
Payroll Taxes	3.5%		-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%		-	-	-	-	-	-	-	-
Sub-total Taxes and Licenses			**124,488**	**128,845**	**133,355**	**138,022**	**142,853**	**147,853**	**153,027**	**158,383**
Insurance										
Property and Liability Insurance	3.5%		317,327	328,434	339,929	351,827	364,141	376,885	390,076	403,729
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-
Sub-total Insurance			**317,327**	**328,434**	**339,929**	**351,827**	**364,141**	**376,885**	**390,076**	**403,729**
Maintenance & Repair										
Payroll	3.5%		167,565	173,430	179,500	185,783	192,285	199,015	205,981	213,190
Supplies	3.5%		21,744	22,505	23,293	24,108	24,952	25,825	26,729	27,665
Contracts	3.5%		254,313	263,214	272,426	281,961	291,830	302,044	312,615	323,557
Garbage and Trash Removal	3.5%		223,750	231,581	239,687	248,076	256,758	265,745	275,046	284,672
Security Payroll/Contract	3.5%		22,666	23,459	24,280	25,130	26,010	26,920	27,862	28,838
HVAC Repairs and Maintenance	3.5%		12,089	12,512	12,950	13,403	13,872	14,357	14,860	15,380
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		1,813	1,877	1,942	2,010	2,081	2,154	2,229	2,307
Miscellaneous Operating and Maintenance Expenses	3.5%		39,288	40,663	42,086	43,559	45,084	46,662	48,295	49,985
Sub-total Maintenance & Repair Expenses			**743,228**	**769,241**	**796,165**	**824,030**	**852,871**	**882,722**	**913,617**	**945,594**
Supportive Services	3.5%		151,258	156,552	162,031	167,702	173,572	179,647	185,935	192,442
Commercial Expenses		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			**3,024,680**	**3,130,544**	**3,240,113**	**3,353,517**	**3,470,890**	**3,592,372**	**3,718,105**	**3,848,238**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)										
Reserves/Ground Lease Base Rent/Bond Fees										
Ground Lease Base Rent			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee			-	-	-	-	-	-	-	-
Replacement Reserve Deposit			69,000	69,000	69,000	69,000	69,000	69,000	69,000	69,000
Operating Reserve Deposit		$450 PUPA for HOA Fee	62,100	62,100	62,100	62,100	62,100	62,100	62,100	62,100
Other Required Reserve 1 Deposit		OTI fee	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			**149,100**	**149,100**	**149,100**	**149,100**	**149,100**	**149,100**	**149,100**	**149,100**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			**3,173,780**	**3,279,644**	**3,389,213**	**3,502,617**	**3,619,990**	**3,741,472**	**3,867,205**	**3,997,338**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)										
NET OPERATING INCOME (INCOME minus OP EXPENSES)			**1,649,381**	**1,629,068**	**1,606,838**	**1,582,604**	**1,556,272**	**1,527,747**	**1,496,929**	**1,463,716**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)										
Hard Debt - First Lender		Enter comments re: annual increase, etc.	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011	1,205,011
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	57,763	57,763	57,763	57,763	57,763	57,763	57,763	57,763
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**	**1,262,774**
CASH FLOW (NOI minus DEBT SERVICE)			**386,607**	**366,294**	**344,064**	**319,830**	**293,498**	**264,973**	**234,155**	**200,942**
USES OF CASH FLOW BELOW (This row also shows DSCR.)		***DSCR:***	***1.306***	***1.29***	***1.272***	***1.253***	***1.232***	***1.21***	***1.185***	***1.159***
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL										
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	36,688.75	37,972.85	39,301.90	40,677.47	42,101.18	43,574.72	45,099.84	46,678.33
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase								
Other Payments										
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.								
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.								
Deferred Developer Fee (Enter amt <= Max Fee from row 131)										
TOTAL PAYMENTS PRECEDING MOHCD			***36,689***	***37,973***	***39,302***	***40,677***	***42,101***	***43,575***	***45,100***	***46,678***
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			**349,918**	**328,321**	**304,762**	**279,152**	**251,396**	**221,398**	**189,055**	**154,264**

Does Project have a MOHCD Residual Receipt Obligation?	**Yes**	Year 15 is year indicated below:
Will Project Defer Developer Fee?	**Yes**	2037
1st Residual Receipts Split - Lender/Deferred Developer Fee	*50% / 50%*	2nd Residual Receipts Split Begins:
2nd Residual Receipts Split - Lender/Owner	*67% / 33%*	2024

Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): - - -

MOHCD RESIDUAL RECEIPTS DEBT SERVICE	*Dist. Soft Debt Loans*		lative Deferred Developer Fee Earned							
			-	-	-					
MOHCD Residual Receipts Amount Due	*71.00%*	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	165,637	155,414	144,262	132,140	119,001	104,801	89,491	73,022
Proposed MOHCD Residual Receipts Amount to Loan Repayment			165,637	155,414	144,262	132,140	119,001	104,801	89,491	73,022
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment	-	-	-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE										
HCD Residual Receipts Amount Due	*29.00%*	loans, and HCD residual receipt policy.	67,641	63,466	58,912	53,962	48,596	42,798	36,546	29,820
Lender 4 Residual Receipts Due	*0.00%*		-	-	-	-	-	-	-	-
Lender 5 Residual Receipts Due	*0.00%*		-	-	-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service			**67,641**	**63,466**	**58,912**	**53,962**	**48,596**	**42,798**	**36,546**	**29,820**
REMAINDER (Should be zero unless there are distributions below)			**116,639**	**109,440**	**101,587**	**93,051**	**83,799**	**73,799**	**63,018**	**51,421**
Owner Distributions/Incentive Management Fee			116,639	109,440	101,587	93,051	83,799	73,799	63,018	51,421
Other Distributions/Uses										
Final Balance (should be zero)			-	-	-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE										
Replacement Reserve Starting Balance			**828,000**	**897,000**	**966,000**	**1,035,000**	**1,104,000**	**1,173,000**	**1,242,000**	**1,311,000**
Replacement Reserve Deposits			**69,000**	**69,000**	**69,000**	**69,000**	**69,000**	**69,000**	**69,000**	**69,000**
Replacement Reserve Withdrawals (ideally tied to CNA)			-	-	-	-	-	-	-	-
Replacement Reserve Interest										
RR Running Balance			**897,000**	**966,000**	**1,035,000**	**1,104,000**	**1,173,000**	**1,242,000**	**1,311,000**	**1,380,000**
		RR Balance/Unit	*$6,500*	*$7,000*	*$7,500*	*$8,000*	*$8,500*	*$9,000*	*$9,500*	*$10,000*
OPERATING RESERVE - RUNNING BALANCE										
Operating Reserve Starting Balance			**745,200**	**807,300**	**869,400**	**931,500**	**993,600**	**1,055,700**	**1,117,800**	**1,179,900**
Operating Reserve Deposits			**62,100**	**62,100**	**62,100**	**62,100**	**62,100**	**62,100**	**62,100**	**62,100**
Operating Reserve Withdrawals										
Operating Reserve Interest										
OR Running Balance			**807,300**	**869,400**	**931,500**	**993,600**	**1,055,700**	**1,117,800**	**1,179,900**	**1,242,000**
		OR Balance as a % of Prior Yr Op Exps + Debt Service	*18.6%*	*19.6%*	*20.5%*	*21.4%*	*22.2%*	*22.9%*	*23.6%*	*24.2%*
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE										
Other Reserve 1 Starting Balance			**36,000**	**39,000**	**42,000**	**45,000**	**48,000**	**51,000**	**54,000**	**57,000**
Other Reserve 1 Deposits			**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**
Other Reserve 1 Withdrawals										
Other Reserve 1 Interest										
Other Required Reserve 1 Running Balance			**39,000**	**42,000**	**45,000**	**48,000**	**51,000**	**54,000**	**57,000**	**60,000**
OTHER RESERVE 2 - RUNNING BALANCE										
Other Reserve 2 Starting Balance			-	-	-	-	-	-	-	-
Other Reserve 2 Deposits			-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals										
Other Reserve 2 Interest										
Other Required Reserve 2 Running Balance			-	-	-	-	-	-	-	-
DEFERRED DEVELOPER FEE - RUNNING BALANCE										
Developer Fee Starting Balance			-	-	-	-	-	-	-	-
Deferred Developer Fee Earned in Year			-	-	-	-	-	-	-	-
Developer Fee Remaining Balance			-	-	-	-	-	-	-	-
Deferred Developer Fee % Split			0%	0%	0%	0%	0%	0%	0%	0%
Owner Distribution % Split			33%	33%	33%	33%	33%	33%	33%	33%
Soft Debt Lender % Split			67%	67%	67%	67%	67%	67%	67%	67%
MOHCD Base Rent Due			-	-	-	-	-	-	-	-
MOHCD Base Rent Proposed to be Paid			-	-	-	-	-	-	-	-
Balance - MOHCD Base Rent Accrued			-	-	-	-	-	-	-	-
Cumulative Balance - MOHCD Base Rent Accrued			-	-	-	-	-	-	-	-
MOHCD Residual Rent Due			-	-	-	-	-	-	-	-
MOHCD Residual Rent Proposed to be Paid			-	-	-	-	-	-	-	-
Balance - MOHCD Residual Rent Accrued			-	-	-	-	-	-	-	-
Cumulative Balance - MOHCD Residual Rent Accrued			-	-	-	-	-	-	-	-

Exhibit S - Summary Proforma

	Total	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Residential For Sale - Market Rate	5,035	-	385	275	453	344	368	429	582	428	267
Residential For Sale - Affordable	207	-	18	16	25	17	12	18	9	23	15
Residential For Rent - Market Rate	503	-	-	43	112	107	-	85	-	-	156
Residential For Rent - Afford Incl	91	-	-	8	20	19	-	15	-	-	29
Branded Condo	117	-	-	-	-	-	-	-	-	-	-
TIDA/TIHDI[1]	1,684	-	137	612	72	267	-	175	65	-	164
Subtotal	7,637	-	540	954	682	754	380	722	656	451	631
Commercial Square Feet	352,591	-	-	65,329	-	-	-	-	-	137,036	-
Hotel Rooms	250	-	-	-	-	-	50	-	200	-	-
REVENUES											
Residential For Sale - Market Rate	462,010,022	-	76,840,726	32,911,085	64,270,211	40,380,073	21,577,181	62,329,018	26,717,425	37,092,535	16,987,559
Residential For Sale - Affordable Inclusionary	(58,361,213)	-	(3,913,275)	(3,576,516)	(7,549,409)	(3,933,991)	(4,289,126)	(5,509,572)	(2,082,701)	(6,834,650)	(5,151,381)
Residential For Rent - Market Rate	50,300,000	-	-	4,300,000	11,200,000	10,700,000	-	8,500,000	-	-	15,600,000
Residential For Rent - Affordable Inclusionary	(14,560,000)	-	-	(1,280,000)	(3,200,000)	(3,040,000)	-	(2,400,000)	-	-	(4,640,000)
Commercial Acreage Sales	17,500,000	-	-	-	-	-	2,500,000	-	-	-	-
Branded Condo	23,400,000	-	-	-	-	-	-	-	-	-	-
TIHDI / TIDA	-	-	-	-	-	-	-	-	-	-	-
Rental Revenues from Existing Buildings / Units	75,317,653	8,590,610	9,112,984	8,535,416	8,535,416	8,535,416	6,401,562	6,401,562	6,401,562	4,267,708	2,133,854
Marketing Revenue From Builders	33,522,032	-	-	2,121,464	1,574,961	3,227,286	2,267,223	2,218,351	3,043,879	4,023,264	2,600,771
Total Revenues Before Inflation	589,128,494	8,590,610	82,040,434	43,011,448	74,831,180	55,868,784	28,456,839	71,539,358	34,080,165	38,548,857	27,530,803
Plus: Inflation	765,763,045	92,783	24,983,973	28,221,809	64,752,684	44,703,934	45,795,763	68,223,698	101,358,772	60,675,070	45,776,901
Total Revenues	**1,354,891,539**	**8,683,393**	**107,024,407**	**71,233,257**	**139,583,864**	**100,572,718**	**74,252,603**	**139,763,056**	**135,438,936**	**99,223,927**	**73,307,704**
COSTS											
Initial Consideration	67,375,000	5,500,000	7,975,000	7,700,000	7,425,000	7,150,000	6,875,000	6,600,000	6,325,000	6,050,000	5,775,000
Additional Considertion	50,000,000	-	-	-	-	-	-	-	-	-	-
Total Land Costs	117,375,000	5,500,000	7,975,000	7,700,000	7,425,000	7,150,000	6,875,000	6,600,000	6,325,000	6,050,000	5,775,000
Hard Costs											
Site Closure Oversight & Insurance	8,000,000	1,969,136	1604938.272	537037.037	512345.679	586419.7531	592592.5926	1169753.086	645061.7284	151234.5679	9259.259259
Historic Building 2 Grocery/Retail	25,000,000	-	-	-	11,458,333	12,500,000	1,041,667	-	-	-	-
Fees, Bonds, Permits	15,870,164	1,675,814	2,057,424	1,522,653	1,575,219	1,142,819	1,086,781	1,784,614	1,424,466	932,506	469,865
Site Development, incl. Cleanup & Ramps/Viaduct	227,291,440	35,209,121	34,657,303	20,345,407	13,315,414	10,553,299	14,216,283	34,923,238	28,903,126	17,745,793	5,108,485
Transportation, Ferry Terminal & Parking Garage	68,526,713	-	-	3,682,675	10,316,610	10,891,674	1,827,471	83,619	924,175	223,201	374,737
Infrastructure, Landscape, Police/Fire, Water Tanks	245,628,952	20,515,537	34,318,563	31,135,860	30,630,729	16,830,498	19,644,357	23,310,522	17,733,992	15,421,233	10,749,222
Construction Management	21,160,219	2,234,418	2,743,232	2,030,204	2,100,292	1,523,759	1,449,042	2,379,485	1,899,288	1,243,342	626,486
Engineering and Other Fees	49,590,482	6,276,600	5,021,807	5,199,495	3,750,754	3,563,345	5,831,738	4,683,713	3,093,231	1,565,290	2,889,348
Contingency	123,125,268	9,159,459	10,280,654	10,551,493	11,986,711	12,914,777	14,318,721	15,016,989	10,779,835	6,964,937	3,929,571
Total Hard Costs	**784,193,237**	77,040,086	90,683,922	75,004,824	85,646,408	70,506,591	60,008,652	83,351,933	65,403,174	44,247,537	24,156,973
Sales & Marketing											
Closing Costs	37,148,317	-	2,928,863	1,804,069	3,865,597	2,640,199	1,945,236	3,907,729	3,748,868	2,704,391	2,043,877
Residential Marketing	35,082,356	-	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305	3,189,305
Total Sales & Marketing	**72,230,673**	-	6,118,168	4,993,374	7,054,902	5,829,504	5,134,541	7,097,034	6,938,173	5,893,696	5,233,182
Planning And Entitlements - Pre Acq./Land	98,725,105	98,725,105	-	-	-	-	-	-	-	-	-
Affordable Housing Subsidy	98,962,500	-	750,000	-	12,036,218	13,611,454	9,375,920	8,994,325	10,085,833	7,714,583	7,409,792
-	-	-	-	-	-	-	-	-	-	-	-
Transportation Operating Subsidy	38,200,494	-	-	-	3,666,667	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Parks and Open Space Maintenance Subsidy	17,469,553	-	-	1,375,000	1,500,000	1,500,000	2,875,000	3,000,000	3,000,000	3,000,000	1,138,757
School & Community Facilities	21,512,029	-	-	1,145,833	1,250,000	1,250,000	1,250,000	6,886,922	1,762,447	1,250,000	1,250,000
Existing Rental Operating Expenses	40,652,583	4,866,604	5,159,023	4,537,327	4,537,327	4,537,327	3,402,995	3,402,995	3,402,995	2,268,663	1,134,332
TIDA Admin/TIHDI Job Broker	36,700,605	2,016,667	2,200,000	2,291,667	2,300,000	2,300,000	2,483,333	2,500,000	2,500,000	2,500,000	2,500,000
Property Taxes	25,285,563	666,614	1,500,812	2,197,920	2,491,933	2,662,949	2,638,188	2,749,783	2,585,004	2,401,776	2,009,768
G&A	8,458,333	458,333	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Project Management Fee	22,535,797	2,252,128	2,672,369	2,234,034	2,210,272	1,722,605	1,751,232	2,465,465	1,942,743	1,322,889	724,431
Soft Cost Contingency	19,093,500	621,429	826,642	986,299	3,154,181	3,572,378	1,524,022	1,165,458	1,119,747	1,083,409	1,008,487
Sub-Total	**427,596,065**	109,606,881	13,608,847	15,268,080	33,646,598	35,656,713	29,800,690	35,664,948	30,898,770	26,041,321	21,675,567

Exhibit S - Summary Proforma

	Total	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Costs Before Inflation	1,401,394,974	192,146,967	118,385,937	102,966,278	133,772,907	119,142,808	101,818,884	132,713,916	109,565,117	82,232,553	56,840,722
Plus: Inflation	123,845,387	981,995	3,441,379	4,781,061	7,124,444	7,570,680	9,046,295	15,151,927	13,855,571	11,293,326	7,982,161
Total Costs	**1,525,240,361**	**193,128,962**	**121,827,315**	**107,747,339**	**140,897,352**	**126,713,488**	**110,865,179**	**147,865,842**	**123,420,688**	**93,525,880**	**64,822,883**
CASH FLOW BEFORE FINANCING	**(170,348,822)**	**(184,445,569)**	**(14,802,909)**	**(36,514,082)**	**(1,313,488)**	**(26,140,770)**	**(36,612,576)**	**(8,102,786)**	**12,018,248**	**5,698,047**	**8,484,821**
LAND SECURED TAX EXEMPT FINANCING											
CFD / Mello Roos Bonds	414,617,650	-	21,662,071	24,539,090	20,295,812	45,063,018	117,641,997	92,155,536	53,878,084	39,382,042	-
Tax Increment (After Debt Service)	451,734,370	-	-	-	6,186,580	4,010,960	25,484,800	21,506,420	34,591,815	33,183,635	35,946,600
Surplus Tax Increment Revenue	5,635,860	-	-	-	(15,300)	54,598	45,692	223,474	230,927	353,246	392,116
CFD Remainder Tax for Project Costs, net of O&M Subsid	20,634,502	-	-	-	-	-	893,503	-	-	-	-
Annual Special Taxes	(18,054,097)	-	(102,000)	-	-	-	-	-	-	-	(6,706,436)
Total Public Financing	**874,568,284**	**-**	**21,560,071**	**24,539,090**	**26,467,092**	**49,128,576**	**144,065,992**	**113,885,430**	**88,700,825**	**72,918,922**	**29,632,280**
CASHFLOW AFTER PUBLIC FINANCING	**704,219,462**	**(184,445,569)**	**6,757,163**	**(11,974,991)**	**25,153,604**	**22,987,805**	**107,453,416**	**105,782,644**	**100,719,073**	**78,616,969**	**38,117,100**

(1) Number of units can be increased per Housing Plan Sections 3 and 9.

	Total	2022	2023	2024	2025	2026	2027	2028	2029
Residential For Sale - Market Rate	5,035	302	395	557	250	-	-	-	-
Residential For Sale - Affordable	207	15	23	16	-	-	-	-	-
Residential For Rent - Market Rate	503	-	-	-	-	-	-	-	-
Residential For Rent - Afford Incl	91	-	-	-	-	-	-	-	-
Branded Condo	117	-	117	-	-	-	-	-	-
TIDA/TIHDI[(1)]	1,684	117	75	-	-	-	-	-	-
Subtotal	7,637	434	610	573	250	-	-	-	-
Commercial Square Feet	352,591	-	-	-	-	-	150,226	-	-
Hotel Rooms	250	-	-	-	-	-	-	-	-
REVENUES									
Residential For Sale - Market Rate	462,010,022	28,843,371	23,756,774	25,147,728	5,156,336	-	-	-	-
Residential For Sale - Affordable Inclusionary	(58,361,213)	(3,471,169)	(8,346,841)	(3,702,580)	-	-	-	-	-
Residential For Rent - Market Rate	50,300,000	-	-	-	-	-	-	-	-
Residential For Rent - Affordable Inclusionary	(14,560,000)	-	-	-	-	-	-	-	-
Commercial Acreage Sales	17,500,000	-	-	-	15,000,000	-	-	-	-
Branded Condo	23,400,000	-	23,400,000	-	-	-	-	-	-
TIHDI / TIDA	-	-	-	-	-	-	-	-	-
Rental Revenues from Existing Buildings / Units	75,317,653	2,133,854	2,133,854	2,133,854	-	-	-	-	-
Marketing Revenue From Builders	33,522,032	2,588,497	1,791,975	8,064,361	-	-	-	-	-
Total Revenues Before Inflation	589,128,494	30,094,554	42,735,763	31,643,363	20,156,336	-	-	-	-
Plus: Inflation	765,763,045	46,210,836	61,139,283	106,389,260	67,438,280	-	-	-	-
Total Revenues	**1,354,891,539**	**76,305,389**	**103,875,046**	**138,032,623**	**87,594,616**	-	-	-	-
COSTS									
Initial Consideration	67,375,000	-	-	-	-	-	-	-	-
Additional Considertion	50,000,000	-	-	-	50,000,000	-	-	-	-
Total Land Costs	117,375,000	-	-	-	50,000,000	-	-	-	-
Hard Costs									
Site Closure Oversight & Insurance	8,000,000	203703.7037	18518.51852	1.64477E-11	0	0	0	0	0
Historic Building 2 Grocery/Retail	25,000,000	-	-	-	-	-	-	-	-
Fees, Bonds, Permits	15,870,164	872,915	801,555	409,665	95,587	17,246	1,036	-	-
Site Development, incl. Cleanup & Ramps/Viaduct	227,291,440	11,318,226	995,743	-	-	-	-	-	-
Transportation, Ferry Terminal & Parking Garage	68,526,713	15,039,441	17,265,532	5,315,625	351,823	1,178,348	107,123	944,660	-
Infrastructure, Landscape, Police/Fire, Water Tanks	245,628,952	4,903,805	8,650,977	8,339,886	2,834,395	574,852	34,523	-	-
Construction Management	21,160,219	1,163,887	1,068,740	546,220	127,449	22,994	1,381	-	-
Engineering and Other Fees	49,590,482	2,669,997	1,365,551	318,622	3,357,538	3,452	-	-	-
Contingency	123,125,268	6,760,796	5,990,867	2,986,004	1,353,358	123,709	7,388	-	-
Total Hard Costs	**784,193,237**	42,932,772	36,157,483	17,916,023	8,120,150	1,920,600	151,450	944,660	-
Sales & Marketing									
Closing Costs	37,148,317	2,132,629	2,982,037	3,816,984	2,627,838	-	-	-	-
Residential Marketing	35,082,356	3,189,305	3,189,305	-	-	-	-	-	-
Total Sales & Marketing	**72,230,673**	5,321,934	6,171,342	3,816,984	2,627,838	-	-	-	-
Planning And Entitlements - Pre Acq./Land	98,725,105	-	-	-	-	-	-	-	-
Affordable Housing Subsidy	98,962,500	5,461,458	8,653,750	9,681,875	4,822,708	364,583	-	-	-
-	-	-	-	-	-	-	-	-	-
Transportation Operating Subsidy	38,200,494	4,000,000	4,000,000	2,350,453	183,375	-	-	-	-
Parks and Open Space Maintenance Subsidy	17,469,553	80,796	-	-	-	-	-	-	-
School & Community Facilities	21,512,029	1,250,000	1,250,000	2,728,272	238,555	-	-	-	-
Existing Rental Operating Expenses	40,652,583	1,134,332	1,134,332	1,134,332	-	-	-	-	-
TIDA Admin/TIHDI Job Broker	36,700,605	2,500,000	2,408,888	2,033,384	2,000,000	2,000,000	2,000,000	166,667	-
Property Taxes	25,285,563	1,655,914	1,127,056	466,410	131,437	-	-	-	-
G&A	8,458,333	500,000	500,000	500,000	500,000	500,000	500,000	500,000	-
Project Management Fee	22,535,797	1,281,872	1,084,169	537,481	243,605	57,618	4,544	28,340	-
Soft Cost Contingency	19,093,500	937,080	816,003	610,969	531,870	502,191	500,000	133,333	-
Sub-Total	**427,596,065**	18,801,453	20,974,197	20,043,175	8,651,549	3,424,392	3,004,544	828,340	-

	Total	2022	2023	2024	2025	2026	2027	2028	2029
Total Costs Before Inflation	1,401,394,974	67,056,159	63,303,023	41,776,181	69,399,538	5,344,992	3,155,994	1,772,999	-
Plus: Inflation	123,845,387	13,384,912	12,998,430	8,354,418	4,395,704	1,660,801	1,135,513	686,767	-
Total Costs	**1,525,240,361**	**80,441,071**	**76,301,453**	**50,130,600**	**73,795,242**	**7,005,793**	**4,291,507**	**2,459,767**	**-**
CASH FLOW BEFORE FINANCING	**(170,348,822)**	**(4,135,681)**	**27,573,593**	**87,902,024**	**13,799,374**	**(7,005,793)**	**(4,291,507)**	**(2,459,767)**	**-**
LAND SECURED TAX EXEMPT FINANCING									
CFD / Mello Roos Bonds	414,617,650	-	-	-	-	-	-	-	-
Tax Increment (After Debt Service)	451,734,370	43,120,535	47,410,235	34,792,725	37,664,290	30,834,255	46,172,195	50,829,325	-
Surplus Tax Increment Revenue	5,635,860	452,665	536,266	608,683	617,864	664,753	690,496	780,381	-
CFD Remainder Tax for Project Costs, net of O&M Subsid	20,634,502	-	-	-	2,367,391	5,566,544	5,204,386	6,602,679	-
Annual Special Taxes	(18,054,097)	(6,912,860)	(4,332,801)	-	-	-	-	-	-
Total Public Financing	**874,568,284**	**36,660,340**	**43,613,699**	**35,401,408**	**40,649,546**	**37,065,552**	**52,067,076**	**58,212,385**	**-**
CASHFLOW AFTER PUBLIC FINANCING	**704,219,462**	**32,524,659**	**71,187,293**	**123,303,432**	**54,448,919**	**30,059,758**	**47,775,569**	**55,752,618**	**-**

(1) Number of units can be increased per Housing Plan Sections 3 and 9.

FILE NO. 110228 Amended in Committee 5/2/2011 ORDINANCE NO. 97-11

[General Plan Amendments – Treasure Island/Yerba Buena Island Development Project]

Ordinance amending the San Francisco General Plan by amending the Commerce and Industry Element, Community Facilities Element, Housing Element, Recreation and Open Space Element, Transportation Element, Urban Design Element, and Land Use Index, maps and figures in various elements, and by adopting and adding the Treasure Island/Yerba Buena Island Area Plan, in order to facilitate the development of Treasure Island and Yerba Buena Island as endorsed by the Board of Supervisors and the Mayor in 2006 and updated in 2010, ~~in order to facilitate the development of Treasure Island and Yerba Buena Island as~~ and envisioned in the Treasure Island/Yerba Buena Island ~~Redevelopment Plan~~Development Agreement, adopting findings, including environmental findings and findings of consistency with the General Plan and Planning Code Section 101.1.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are *~~strike-through italics Times New Roman~~*. Board amendment additions are double-underlined; Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) The proposed adoption of the Treasure Island / Yerba Buena Island Area Plan is necessary to facilitate the development of Treasure Island and Yerba Buena Island as envisioned in the Treasure Island/Yerba Buena Island Development ~~Plan~~ Agreement and Term Sheet endorsed by the Board of Supervisors ("Board") and the Mayor in 2006 and updated in 2010 as described below.

(b) A primary objective of both the Treasure Island/Yerba Buena Island Development ~~Plan~~ Agreement and the Term Sheet is to create sustainable economic

development, affordable housing, public parks and open space and other community benefits by development of the under-used lands on Treasure Island and Yerba Buena Island.

(c) Originally constructed in 1937 as a possible site for the San Francisco Airport, Treasure Island was first used to host the Golden Gate International Exposition from 1939-1940. Shortly thereafter in World War II, the United States Department of Defense converted the island into a naval station, which operated for more than five decades. Naval Station Treasure Island was subsequently closed in 1993 and ceased operations in 1997. Since the closure of the base, the City and the community have been planning for the reuse of former Naval Station Treasure Island and adjacent Yerba Buena Island.

(d) Former Naval Station Treasure Island consists of approximately 550 acres including Yerba Buena Island. Today the site is characterized by aging infrastructure, environmental contamination from former naval operations, deteriorated and vacant buildings, and asphalt and other impervious surfaces which cover approximately 65% of the site. The site has few public amenities for the approximately 1,850 residents who currently reside on the site. This legislation creating the Treasure Island/Yerba Buena Island Area Plan will implement the proposed Treasure Island/Yerba Buena Island Project ("the Project").

(e) The Project will include (1) approximately 8,000 new residential units, 30 percent of which (2,400 units) will be made affordable to a broad range of very-low to moderate income households, including 435 units to be developed by the Treasure Island Homeless Development Initiative's member organizations, (2) adaptive reuse of 311,000 square feet of historic structures, (3) 140,000 square feet of new retail uses and 100,000 square feet of commercial office space, (4) 300 acres of parks and open space, (5) new and or upgraded public facilities, including a joint police/fire station, a school, facilities for the Treasure Island Sailing Center and other community facilities, (6) 400-500 room hotel, and (7) ~~new 400 slip marina, and (8)~~ transportation infrastructure, including a ferry/quay intermodal transit center.

(f) In 2003, the Treasure Island Development Authority ("TIDA") selected through a competitive three year long process, Treasure Island Community Development, LLC ("TICD") to serve as the master developer for the Project.

(g) In 2006, the Board in Resolution No. 699-06 endorsed a Term Sheet and Development Plan for the Project, which set forth the terms of the Project including a provision for a Transition Plan for Existing Units on the site. In May of 2010, the Board endorsed a package of legislation that included an update to the ~~Development Plan and~~ Term Sheet, terms of an Economic Development Conveyance Memorandum of Agreement for the conveyance of the site from the Navy to the City, and a Term Sheet between TIDA and the Treasure Island Homeless Development Imitative ("TIHDI") in Resolution Nos. 242-10, 243-10, and 244-10. Copies of these Resolutions are on file with the Clerk of the Board of Supervisors in File Nos. 100428, 100429, and 100432 and are incorporated herein by reference.

(h) Pursuant to San Francisco Planning Code Section 340, any proposed amendments to the General Plan shall first be initiated by the Planning Commission. On March 3, 2011, by Resolution No. 18291, the Commission conducted a duly noticed public hearing to consider a Resolution of Intent to initiate General Plan Amendments concerning the Project. A copy of Planning Commission Resolution No. 18291 is on file with the Clerk of the Board of Supervisors in File No. 100228.

(i) Pursuant to San Francisco Charter Section 4.105 and Planning Code Section 340, any amendments to the General Plan shall first be considered by the Planning Commission and thereafter recommended for approval or rejection to the Board of Supervisors. On April 21, 2011, by ~~Resolution~~Motion Nos. 18327 and 18328, the Commission conducted a duly noticed public hearing on the General Plan Amendments, adopted the General Plan Amendments and recommended them for approval to the Board of Supervisors.

Said ~~Resolution~~ Motions also included findings of conformity with the Priority Policies of Section 101.1 of the Planning Code, consistency findings with the General Plan as it is proposed for amendment, and, pursuant to Section 340 of the Planning Code, findings that this Ordinance will serve the public necessity, convenience, and welfare. A copy of Planning Commission ~~Resolution~~Motion Nos. 18327 and 18328 are ~~is~~ on file with the Clerk of the Board of Supervisors in File No. 110228 and incorporated herein by reference.

(j) The Board of Supervisors finds that this Ordinance is in conformity with the Priority Policies of Section 101.1 of the Planning Code and, on balance, consistent with the General Plan as it is proposed for amendment herein, and hereby adopts the findings set forth in Planning Commission ~~Resolution~~Motion Nos. 18327 and 18328 as its own and incorporates such findings by reference as if fully set forth herein.

(k) California Environmental Quality Act Findings. (1) The Planning Department has determined that the actions contemplated in this Ordinance comply with the California Environmental Quality Act (Public Resources Code Sections 21000 et seq.). A copy of said determination is on file with the Clerk of the Board of Supervisors in File No. 100328 and is incorporated herein by reference.

(2) Concurrent with this Ordinance and in accordance with the actions contemplated herein, this Board adopted Resolution No. 246-11 concerning findings pursuant to the California Environmental Quality Act. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. 110328 and is incorporated herein by reference.

Section 2. The Board of Supervisors hereby approves an amendment to the General Plan to adopt and add the Treasure Island/Yerba Buena Island (TI/YBI) Area Plan. The full text of the TI/YBI Area Plan is Exhibit A to this Ordinance. A copy of this Exhibit is on file with the Clerk of the Board of Supervisors in File No. 110228 and is incorporated by reference.

Section 3. The Board of Supervisors hereby approves the following amendments to the maps and figures in the Elements of the General Plan as follows:

Commerce and Industry

Amend Map 1- Generalized Commercial and Industrial Land Use Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 2 - Generalized Commercial and Industrial Density Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 4 - Residential Service Areas of Neighborhood Commercial Districts and Uses. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 5 - Generalized Neighborhood Commercial Land Use and Density Plan Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Community Facilities Element

Map 1 - Police Facilities Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 2 - Fire Facilities Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 3 - Library Location Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 4 - Public Health Centers Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 5 - Waste Water and Solid Waste Facilities Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 6 - Public School Facilities Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 7 - Institutional Facilities Plan Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Housing Element

Table I-56 and I-57 of 2009 Proposed Update. Change number of housing units for Treasure Island to 8,000.

Map 6 - Generalized Housing Densities by Zoning District. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Recreation and Open Space Element

Map 2 - Public Open Space Service Areas. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 4 - Citywide Recreation & Open Space Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 9 - Neighborhood Recreation & Open Space Improvement Priority Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Transportation Element

Map 6 - Vehicular Street Map. Amend the area for Treasure Island and Yerba Buena Island to reflect the street grid and street hierarchy of the TI/YBI Area Plan and applicable Design for Development. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 7 - Congestion Management Network. Amend the area for Treasure Island and Yerba Buena Island to reflect the street grid and street hierarchy of the TI/YBI Area Plan and applicable Design for Development. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 8 - Metropolitan Transportation System. Amend the area for Treasure Island and Yerba Buena Island to reflect the street grid and street hierarchy of the TI/YBI Area Plan and applicable Design for Development. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 9 -Transit Preferential Streets. Amend the area for Treasure Island and Yerba Buena Island to reflect the street grid and street hierarchy of the TI/YBI Area Plan and applicable Design for Development. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 11 - Citywide Pedestrian Network. Amend the area for Treasure Island and Yerba Buena Island to reflect the street grid and pedestrian network of the TI/YBI Area Plan and applicable Design for Development. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 12 - Neighborhood Pedestrian Streets. Amend the area for Treasure Island and Yerba Buena Island to reflect the street grid and pedestrian of the TI/YBI Area Plan and applicable Design for Development. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 13 - Bicycle Route Map. Amend the area for Treasure Island and Yerba Buena Island to reflect the street grid and bicycle path network of the TI/YBI Area Plan and applicable Design for Development. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Urban Design Element

Map 1 - Plan To Strengthen City Pattern Through Visually Prominent Landscaping. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 2 - Plan For Street Landscaping and Lighting. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Street Areas Important to Urban Design and Views map. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development

Quality of Street Views map. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 3 - Where Streets Are Most Important as Sources of Light, Air and Open Space. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 4 - Urban Design Guidelines for Height of Buildings. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 5 - Urban Design Guidelines for Bulk of Buildings. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Map 7 - Plan For Protected Residential Areas. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Section 3. The Board of Supervisors hereby approves the following amendment to the General Plan to amend the Land Use Index:

Figure II.1 - Generalized Commercial and Industrial Land Use Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure II.2 - Generalized Commercial and Industrial Density Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure II.3 - Residential Service Areas of Neighborhood Commercial Districts and Uses. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure III.2 - Public Open Space Service Areas. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure III.3 - Citywide Recreation & Open Space Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure III.4 - Citywide Recreation & Open Space Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure III.6 - Where Streets Are Most Important as Sources of Light, Air and Open Space. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure III.14 - Neighborhood Recreation & Open Space Improvement Priority Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure IV.1 - Fire Facilities Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure IV.2 - Institutional Facilities Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure IV.3 - Library Location Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure IV.4 - Police Facilities Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure IV.6 - Public Health Centers Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure IV.7 - Public School Facilities Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure IV.8 - Waste Water and Solid Waste Facilities Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure IV.9 - Public School Facilities Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure VI.1 - Generalized Commercial and Industrial Land Use Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure VI.2 - Generalized Commercial and Industrial Density Plan. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure VI.3 - Residential Service Areas of Neighborhood Commercial Districts and Uses. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure VI.4 - Urban Design Guidelines for Height of Buildings. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

Figure VI.5 - Urban Design Guidelines for Bulk of Buildings. Insert diagram to show Treasure Island and Yerba Buena Island. Add a boundary around Treasure Island and Yerba Buena Island and refer to the TI/YBI Area Plan and applicable Design for Development.

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

By: _____
John D. Malamut
Deputy City Attorney

City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 110228 **Date Passed:** June 14, 2011

Ordinance amending the San Francisco General Plan by amending the Commerce and Industry Element, Community Facilities Element, Housing Element, Recreation and Open Space Element, Transportation Element, Urban Design Element, and Land Use Index, maps and figures in various elements, and by adopting and adding the Treasure Island/Yerba Buena Island Area Plan, in order to facilitate the development of Treasure Island/Yerba Buena Island as endorsed by the Board of Supervisors and the Mayor in 2006 and updated in 2010, and envisioned in the Treasure Island/Yerba Buena Island Development Agreement, adopting findings, including environmental findings and findings of consistency with the General Plan and Planning Code Section 101.1.

May 02, 2011 Land Use and Economic Development Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

May 02, 2011 Land Use and Economic Development Committee - RECOMMENDED AS AMENDED

May 17, 2011 Board of Supervisors - CONTINUED ON FIRST READING

Ayes: 10 - Avalos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener
Excused: 1 - Campos

June 07, 2011 Board of Supervisors - PASSED ON FIRST READING

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

June 14, 2011 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

File No. 110228

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 6/14/2011 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor Edwin Lee

June 15, 2011
Date Approved

[CEQA Findings - Treasure Island/Yerba Buena Island Development Project]

Resolution adopting findings under the California Environmental Quality Act (CEQA), CEQA Guidelines and San Francisco Administrative Code Chapter 31, including the adoption of a mitigation monitoring and reporting program and a statement of overriding considerations in connection with the development of Treasure Island and Yerba Buena Island, as envisioned in the Development ~~Plan~~Agreement for the Treasure Island/Yerba Buena Island Project ~~Area~~.

WHEREAS, The Treasure Island / Yerba Buena Island Project ~~Area~~Site comprises 550 acres of property, which includes portions of both Treasure Island and Yerba Buena Island, excluding a 37 acre, federally owned U.S. Department of Labor Job Corps site and the eastern portion of Yerba Buena Island ("Project ~~Area~~Site"); and,

WHEREAS, The Planning Department ("Department") and TIDA have undertaken a planning and environmental review process for the proposed Project ~~Area~~Site and provided for appropriate public hearings before the Planning Commission and the TIDA Board of Directors; and,

WHEREAS, The actions listed in Attachment A ("Actions") are part of a series of considerations in connection with the ~~Development Plan for the~~ Treasure Island/Yerba Buena Island Project ~~Area~~ as defined in the Treasure Island/Yerba Buena Island Development Agreement (collectively, the "Project"), as ~~more particularly defined~~ discussed in additional detail in Attachment A; and,

WHEREAS, On July 12, 2010, the Department and TIDA released for public review and comment the Draft Environmental Impact Report for the Project, (Department Case No. 2007.0903E); and,

WHEREAS, The Planning Commission and TIDA held a special joint hearing on August 12, 2010 on the Draft Environmental Impact Report and received written public comments until 5:00 pm on September 10, 2010, for a total of 60 days of public review; and,

WHEREAS, The Department and TIDA prepared a Final Environmental Impact Report ("FEIR") for the Project consisting of the Draft Environmental Impact Report, the comments received during the review period, any additional information that became available after the publication of the Draft Environmental Impact Report, and the Draft Summary of Comments and Responses, all as required by law. Copies of said documents are on file with the Clerk of the Board in File No. 110328, and are incorporated herein by reference; and,

WHEREAS, The FEIR files and other Project-related Department and TIDA 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 April 21, 2011, the Planning Commission and the TIDA Board of Directors reviewed and considered the FEIR and, by Motion No. 18325 and Resolution No. 11-14-04/21, respectively, found that: (1) the contents of said report and the procedures through which the FEIR 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; (2) the FEIR 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 Environmental Impact Report; and (3) the Project will have significant and unavoidable project impacts and make a considerable contribution to cumulative impacts in the areas of transportation, noise, air quality and historic resources; and,

WHEREAS, By said Motion and Resolution, the Planning Commission and the TIDA Board of Directors, respectively, certified the completion of the Final Environmental Impact

Report for the Project in compliance with CEQA and the CEQA Guidelines. Said Motion and Resolution are on file with the Clerk of the Board in File No. 110328 and are incorporated herein by reference; and,

WHEREAS, The Department and TIDA ~~prepared proposed~~ in Motion No. 18326 and Resolution No. 11-15-04/21, respectively adopted environmental findings, as required by CEQA (the "CEQA Findings"), regarding the rejection of alternatives; mitigation measures; significant environmental impacts analyzed in the FEIR; and overriding considerations for approving the Project, including all of its Actions, among other topics. The CEQA Findings also include a proposed mitigation monitoring and reporting program, denoted as Attachment B. These CEQA findings, the Board of Supervisors' CEQA Findings, and related Project documents were made available to the public and this Board of Supervisors for the Board's review, consideration, and actions. Copies of the CEQA Findings of the Planning Commission, TIDA, and the Board are on file with the Clerk of the Board of Supervisors in File No. 110328, and are incorporated herein by reference; now, therefore, be it

RESOLVED, That the Board of Supervisors makes the following findings in compliance with the California Environmental Quality Act ("CEQA"), California Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 14 Cal. Code Reg. Code Sections 15000 et seq. ("CEQA Guidelines"), and San Francisco Administrative Code Chapter 31 ("Chapter 31"); and,

FURTHER RESOLVED, That the Board of Supervisors has reviewed and considered Planning Commission Motion No. 18325 certifying the FEIR and finding the FEIR adequate, accurate and objective, and reflecting the independent judgment and analysis of the Planning Commission, and hereby affirms the Planning Commission's certification of the FEIR by Board of Supervisors Motion No. 18326. Copies of said Motions are on file with the

Clerk of the Board of Supervisors in File No. 110328 and are incorporated herein by reference; 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 FEIR 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 that would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR; and (3) no new information of substantial importance to the Project or the Actions has become available that would indicate (a) the Project or the Actions will have significant effects not discussed in the FEIR; (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 FEIR, 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 FEIR and hereby adopts its CEQA Findings, including the mitigation monitoring and reporting program, contained in Attachment B, and the statement of overriding considerations.

City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 110328 **Date Passed:** June 07, 2011

Resolution adopting findings under the California Environmental Quality Act (CEQA), CEQA Guidelines and San Francisco Administrative Code Chapter 31, including the adoption of a mitigation monitoring and reporting program and a statement of overriding considerations in connection with the development of Treasure Island/Yerba Buena Island, as envisioned in the Development Agreement for the Treasure Island/Yerba Buena Island Project Area.

May 02, 2011 Land Use and Economic Development Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

May 02, 2011 Land Use and Economic Development Committee - RECOMMENDED AS AMENDED

May 17, 2011 Board of Supervisors - CONTINUED

Ayes: 10 - Avalos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener
Excused: 1 - Campos

June 07, 2011 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

File No. 110328

I hereby certify that the foregoing Resolution was ADOPTED on 6/7/2011 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor Edwin Lee

6/13/11
Date Approved

DocuSign Envelope ID: 0AB546C8-22C5-4A1B-9745-417D005A30C1

Incomplete - Pending Signature

San Francisco Ethics Commission
25 Van Ness Avenue, Suite 220, San Francisco, CA 94102
Phone: 415.252.3100 . Fax: 415.252.3112
ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 220346

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4
(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)
A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of $100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: https://sfethics.org/compliance/city-officers/contract-approval-city-officers

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (*for amendment only*)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	**EMAIL**
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Cindy Heavens	415-701-5581
FULL DEPARTMENT NAME	**DEPARTMENT CONTACT EMAIL**
MYR Mayor's Office of Housing & Comm. Dev.	Cindy.Heavens@sfgov.org

DocuSign Envelope ID: 0AB546C8-22C5-4A1B-9745-417D005A30C1

Incomplete - Pending Signature

5. CONTRACTOR	
NAME OF CONTRACTOR Mercy Housing California 82, L.P.	**TELEPHONE NUMBER** 415-805-9445
STREET ADDRESS (including City, State and Zip Code) 1256 Market Street, San Francisco, CA 94102	**EMAIL** nazim@mercyhousing.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	**ORIGINAL BID/RFP NUMBER**	**FILE NUMBER (*If applicable*)** 220346
DESCRIPTION OF AMOUNT OF CONTRACT $60,000,000		
NATURE OF THE CONTRACT *(Please describe)* Resolution authorizing Treasure Island Development Authority to execute the State of California Department of Housing and Community Development's California Housing Accelerator Program Standard Agreement in an amount not to exceed $60,000,000 for the construction of Treasure Island Parcel C3.1 located on Treasure Island at Avenue C (old address)/78 Johnson Street (new address), San Francisco, California 94130.		

7. COMMENTS
Mercy Housing Calwest is the General Partner of Mercy Housing California 82, L.P. Mercy Housing California is the sole member of Mercy Housing Calwest. South of Market Mercy Housing is the Limited Partner of Mercy Housing California 82, L.P.

8. CONTRACT APPROVAL	
This contract was approved by:	
☐	**THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM**
☒	**A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES** Board of Supervisors
☐	**THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS**

DocuSign Envelope ID: 0AB546C8-22C5-4A1B-9745-417D005A30C1

Incomplete - pending signature

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Tuvilla	Alvin	Other Principal Officer
2	Bayley	Amy	Other Principal Officer
3	Gualco	Barbara	Board of Directors
4	Saab	Bruce	Other Principal Officer
5	Payne	Chad	Other Principal Officer
6	Shoemaker	Doug	Board of Directors
7	Holder	Ed	Other Principal Officer
8	Villablanca	Ericka	Other Principal Officer
9	Rosenblum	Joe	Board of Directors
10	Clayton	Melissa	Board of Directors
11	Dare	Ramie	Other Principal Officer
12	Ciraulo	Rich	Other Principal Officer
13	Sprague	Rick	Other Principal Officer
14	Daues	Stephan	Other Principal Officer
15	Dunn	Tim	Other Principal Officer
16	Mersey	Ezra	Board of Directors
17	Saez	Mirian	Board of Directors
18	Soni	Monica	Board of Directors
19	Waskowiak	Sister Mary	Board of Directors

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Incomplete - pending signature

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Pavao	William	Board of Directors
21	Freeman	Yusef	Board of Directors
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DocuSign Envelope ID: 0AB546C8-22C5-4A1B-9745-417D005A30C1

Incomplete - pending signature

9. AFFILIATES AND SUBCONTRACTORS			
List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.			
#	**LAST NAME/ENTITY/SUBCONTRACTOR**	**FIRST NAME**	**TYPE**
39			
40			
41			
42			
43			
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45			
46			
47			
48			
49			
50			
☐	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

10. VERIFICATION	
I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete. **I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**	
SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK BOS Clerk of the Board	**DATE SIGNED**

From:	Paulino, Tom (MYR)
To:	BOS Legislation, (BOS)
Cc:	Heavens, Cindy (MYR); Nickolopoulos, Sheila (MYR)
Subject:	Mayor -- Resolution -- TIDA Standard Agreement
Date:	Tuesday, April 5, 2022 3:13:09 PM
Attachments:	TIDA - PACKET.zip

Hello Clerks,

Attached for introduction to the Board of Supervisors is a resolution authorizing Treasure Island Development Authority (the "Authority") to execute a Standard Agreement and other related documents with the State of California Department of Housing and Community Development ("HCD") under the California Housing Accelerator Program which Standard Agreement includes an award not to exceed $60,000,000 as a loan to Mercy Housing California 82, L.P. ("Developer"), as sole borrower, for construction of a development affordable to low- and moderate-income families at Treasure Island Parcel C3.1.

Please let me know if you have any questions.

Cheers,

Tom Paulino
He/Him
Liaison to the Board of Supervisors
Office of the Mayor
City and County of San Francisco