



FIRST REPUBLIC BANK

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February 23, 2016

City of San Francisco Portsmouth Plaza Parking Corporation
733 Kearny Street
San Francisco, CA 94108

Attn: Joe Yew and Colleen McInnes

Re: Proposal for Tax-Exempt Direct Purchase Non-Revolving Loan for Portsmouth Garage Rehabilitation

Dear Joe and Colleen,

First Republic Bank ("Lender" or "FRB" or "Bank") is pleased to provide these term loan options (the "Facilities") commitments to City of San Francisco Portsmouth Plaza Parking Corporation ("Borrower" or "Corporation"), as described below.

The following terms and conditions are subject to (i) Final approval by the Bank's Loan Committee, (ii) documentation of covenants, terms and conditions satisfactory to Lender and Lender's counsel, (iii) the absence of any material adverse change in the financial condition and operations of Borrower between the date of this letter and the date of closing of the proposed transaction, and, (iv) the completion of due diligence, the results of which are subject solely to Lender's satisfactory review.

Tax-Exempt Direct Purchase Non-Revolving Loan for Portsmouth Garage Rehabilitation

<u>Loan Facility</u>	Tax-exempt non-revolving fixed rate loan, direct purchase
<u>Lender</u>	First Republic Bank
<u>Borrower</u>	City of San Francisco Portsmouth Plaza Parking Corporation
<u>Commitment Amount</u>	Up to \$12.5 million
<u>Purpose</u>	To provide funds for the rehabilitation of the Portsmouth Square Garage located at 733 Kearny Street, San Francisco, CA and to provide costs of issuance to the extent permitted by law. We are assuming that construction will commence on or before June 1, 2016, although this is not a condition of Lender approval.
<u>Interest Rate and Maturity</u>	The loan for the Garage project would be amortized over 30 years on a level monthly payment basis. The loan would be structured as a draw down construction loan that would allow the Corporation to fund construction costs over 24 months. Draws would be no more than monthly with minimum amounts

of \$250,000. The loan would be structured as "interest-only" during this construction period and then convert to a fully amortized loan starting at Year 2 and maturing 30 years from the original closing.

30 Year Fixed Rate	
30 Year Amortization	
Term	Interest Rate
30 Year	3.30%

Loan Fee

0.50% of loan commitment, to be paid at closing from loan proceeds

Other Fees/Expenses

Borrower to pay all 3rd party charges incurred in the processing of the proposed financing, including but not limited to Lender's counsel, tax counsel, and issuing agency fees.

Prepayment Option

Corporation can prepay up to 20% of original commitment amount per year without penalty. If more than 20% is prepaid, then a 1% prepayment penalty is incurred. In year five, the loan will be prepayable at 100%.

Permitted Indebtedness

The Corporation would be permitted to borrow with reasonable Bank Consent so long as the long-term loan is outstanding.

Security and Other Covenants:

Collateral

Security interest in Borrower's Operating Revenues and Assets (each as defined below and perfected through a UCC-1 financing statement).

- "Operating Revenues" means all cash and unrestricted investments and all revenues, income, receipts and money held or received by or on behalf of the Borrower, including (a) revenues derived from fees from the operation and possession of and pertaining to the Borrower, the Borrower's property and the Assets; and (b) proceeds with respect to, arising from or relating to the property of the Borrower, including, but not limited to, amounts derived from (i) condemnation proceeds and (ii) insurance proceeds.
- "Assets" means the personal property, equipment and other assets earned or associated with the day-to-day operations of the Borrower located on the Borrower's property and which are not real property.

Subject to approval by the City and County of San Francisco, City of San Francisco will provide a letter to First Republic Bank indicating that the City will pay or cause to be paid, in either case solely from Parking Revenues derived from the Garage Operations, all payments due to First Republic Bank under the loan in the event the City terminates the current land lease or management contract with the City of San Francisco Portsmouth Plaza Parking Corporation.



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Banking Relationship

The Borrower will establish and maintain its primary banking relationship with the Bank and will authorize Lender to debit such checking/general deposit account for all term loan repayments when due, subject to standard revocation or termination of such debit authorization by Borrower or Lender as will be provided in the final loan agreement and related documents.

Financial Covenants

The Loan Agreement will contain covenants satisfactory to both Lender and Borrower, and will be fully defined in further conversations between parties. The following financial covenant(s) will be included, but are not necessarily limited to, the final agreed covenants in the Loan Agreement:

Annual Debt Service Ratio Covenant

As measured annually as of Borrower's Fiscal Year, Borrower shall maintain a minimum annual Debt Service Coverage Ratio of 1.25:1. Debt Service Coverage Ratio" means, for any Fiscal Year, the ratio for such Fiscal Year of (a) the sum of (i) total unrestricted operating revenues minus total unrestricted operating expenses, (ii) interest and any annual or ongoing fees on all long-term indebtedness and (iii) depreciation and amortization to (b) Annual Debt Service due in such Fiscal Year. Non-operating extraordinary gains or losses (including realized and unrealized gains and losses with respect to investment activities), or any non-operating assets released from restrictions will be excluded from determining this ratio.

Reporting/Other Requirements

Annually, Borrower shall furnish to Lender its consolidated CPA-Audited Financial Statement, due within 150 days after Borrower's fiscal year end. Borrower's financial ratios will be calculated based upon the audited financial statements and due at this same time, 150 days after Borrower's fiscal year end.

Typical construction financing disbursement control and costs review. We estimate costs of approximately \$25,000 for independent construction review assuming monthly inspections and monthly disbursements.



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The terms and conditions set forth in this letter are intended to serve as a general framework upon which the final loan agreement and related documents can be built, and should therefore not be interpreted as a complete set of terms and conditions.

Borrower understands and acknowledges that Bank (i) is representing and acting on behalf of Bank's own interests; and (ii) is not acting as the Borrower's adviser in connection with this transaction, including providing any advice to Borrower with respect to the structure, timing, terms or other similar matters concerning the proposed transaction. Borrower represents and acknowledges that it has been advised by, or has had the opportunity to be advised by, its own financial advisors in connection with the proposed transaction.

First Republic Bank is appreciative of this chance to share this letter with you, and looks forward to the opportunity to work with such a highly regarded organization as the City of San Francisco Portsmouth Plaza Parking Corporation. After your review, we welcome any feedback as we work together on a mutually beneficial relationship.

Sincerely,

Dirk A. ten Grotenhuis
Managing Director, Business Banking

Acknowledged and accepted:

City of San Francisco Portsmouth Plaza Parking Corporation

Treasurer

Title

3-28-16

Date