

GROUND LEASE AGREEMENT

TRANSBAY BLOCK 2 EAST RESIDENTIAL AIR SPACE PARCEL

by and between

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

and

TRANSBAY 2 FAMILY, L.P,
a California limited partnership

for

TRANSBAY BLOCK 2 EAST AFFORDABLE RESIDENTIAL DEVELOPMENT

[ADDRESS]

San Francisco, CA 94105

DATED AND EXECUTED AS OF [], 2024

TABLE OF CONTENTS

ARTICLE 1	DEFINITIONS	5
ARTICLE 2	TERM.....	11
ARTICLE 3	FINANCIAL ASSURANCE.....	11
ARTICLE 4	RENT	12
ARTICLE 5	LANDLORD COVENANTS.....	14
ARTICLE 6	TENANT COVENANTS.....	14
ARTICLE 7	ANNUAL INCOME COMPUTATION, AND CERTIFICATION.....	17
ARTICLE 8	CONDITION OF SITE—"AS IS"	17
ARTICLE 9	ARTICLE 9 PERMITTED AND PROHIBITED USES	18
ARTICLE 10	CONSTRUCTION OF IMPROVEMENTS.....	19
ARTICLE 11	COMPLETION OF IMPROVEMENTS.....	23
ARTICLE 12	CHANGES TO THE IMPROVEMENTS	24
ARTICLE 13	TITLE TO IMPROVEMENTS.....	25
ARTICLE 14	ASSIGNMENT, SUBLEASE, OR OTHER CONVEYANCE	25
ARTICLE 15	TAXES	26
ARTICLE 16	UTILITIES	26
ARTICLE 17	MAINTENANCE AND OPERATION	27
ARTICLE 18	LIENS.....	28
ARTICLE 19	GENERAL REMEDIES.....	28
ARTICLE 20	DAMAGE AND DESTRUCTION	33
ARTICLE 21	DAMAGE TO PERSON OR PROPERTY; HAZARDOUS SUBSTANCES; INDEMNIFICATION	34
ARTICLE 22	INSURANCE.....	37
ARTICLE 23	COMPLIANCE WITH SITE-RELATED AND LEGAL REQUIREMENTS.....	38
ARTICLE 24	ENTRY.....	39
ARTICLE 25	MORTGAGE FINANCING	40
ARTICLE 26	PROTECTION OF LENDER.....	42
ARTICLE 27	CONDEMNATION AND TAKINGS	47
ARTICLE 28	ESTOPPEL CERTIFICATE.....	49
ARTICLE 29	SURRENDER AND QUITCLAIM	49
ARTICLE 30	EQUAL OPPORTUNITY	51
ARTICLE 31	OCH LABOR STANDARDS PROVISIONS.....	51
ARTICLE 32	OCH MINIMUM COMPENSATION AND HEALTH CARE ACCOUNTABILITY POLICY	51

ARTICLE 33	OCH PREFERENCE PROGRAMS	51
ARTICLE 34	CONFLICT OF INTEREST	51
ARTICLE 35	NO PERSONAL LIABILITY	52
ARTICLE 36	ENERGY CONSERVATION	52
ARTICLE 37	WAIVER.....	52
ARTICLE 38	TENANT RECORDS.....	52
ARTICLE 39	NOTICES AND CONSENTS.....	52
ARTICLE 40	HEADINGS	53
ARTICLE 41	SUCCESSORS AND ASSIGNS	54
ARTICLE 42	TIME.....	54
ARTICLE 43	PARTIAL INVALIDITY.....	54
ARTICLE 44	APPLICABLE LAW; NO THIRD PARTY BENEFICIARY	54
ARTICLE 45	ATTORNEYS' FEES.....	54
ARTICLE 46	EXECUTION IN COUNTERPARTS.....	55
ARTICLE 47	BROKERS	55
ARTICLE 48	RECORDATION OF MEMORANDUM OF GROUND LEASE.....	55
ARTICLE 49	TEMPORARY PERMISSION TO ENTER AND USE FUTURE CLEMENTINA STREET	55
ARTICLE 50	SURVIVAL.....	56
ARTICLE 51	TRANSFER OF PARTNERSHIP INTERESTS IN TENANT	56
ARTICLE 52	CITY PROVISIONS	57
ARTICLE 53	COMPLETE AGREEMENT.....	57
ARTICLE 54	AMENDMENTS	57
ARTICLE 55	ATTACHMENTS	58

GROUND LEASE AGREEMENT

TRANSBAY BLOCK 2 EAST RESIDENTIAL AIR SPACE PARCEL

This Ground Lease (“**Lease**”) is dated as of _____, 2024, by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF CITY AND COUNTY OF SAN FRANCISCO, a public body organized and existing under the laws of the State of California (commonly known as the Office of Community Investment and Infrastructure and referred to herein as “**OCII**” or “**Landlord**”), and Transbay 2 Family, L.P., a California limited partnership, as tenant (“**Tenant**”).

RECITALS

A. In furtherance of the objectives of the Community Redevelopment Law of the State of California (“**CRL**”), the former Redevelopment Agency of the City and County of San Francisco (the “**Former Agency**”) undertook programs to redevelop and revitalize blighted areas in San Francisco and in connection therewith adopted a redevelopment project area known as the Transbay Redevelopment Project Area (“**Project Area**”).

B. In 2003, the Transbay Joint Powers Authority (“**TJPA**”), the City and County of San Francisco (“**City**”) and the State of California (“**State**”) entered into a Cooperative Agreement setting forth the process for the transfer of certain State-owned parcels in the Project Area to the City and the TJPA. Also in 2003, the California Legislature enacted Assembly Bill No. 812 (Statutes 2003, chapter 99), codified at Cal. Public Resources Code § 5027.1, which requires that thirty-five percent (35%) of new housing developed in the Project Area shall be affordable to low- and moderate-income households (“**Transbay Affordable Housing Obligation**”). In 2005, the TJPA and the Former Agency entered into the Transbay Redevelopment Project Implementation Agreement (“**Implementation Agreement**”) which incorporates the affordable housing requirements of AB 812 and requires the Former Agency (now OCII) to prepare and sell certain formerly State-owned parcels, to construct and fund new infrastructure improvements, and to meet affordable housing obligations.

C. The Board of Supervisors of the City and County of San Francisco (“**Board of Supervisors**”) approved a Redevelopment Plan for the Project Area by Ordinance No. 124-05, adopted on June 21, 2005, and by Ordinance No. 99-06, adopted on May 9, 2006, filed in the Office of the Recorder of the City and County of San Francisco (“**Official Records**”) as Document No. 2006-I224836, as amended by Ordinance No. 84-15 (June 16, 2015) as Document No. 2015-K135871, as amended by Ordinance No. 62-16 (April 26, 2016) as Document No. 2016-K333253, and as amended by Ordinance No. 09-23 (January 24, 2023) as Document No. 2023041529, and as it may be amended from time to time (“**Redevelopment Plan**”).

D. The Redevelopment Plan divides the Project Area into two subareas: Zone One in which the land use controls of the Redevelopment Plan and the Development Controls and

Design Guidelines for the Transbay Redevelopment Project (2005) (and as currently amended “**Development Controls**”) are applicable and are to be administered by the Former Agency (now OCII), and Zone Two in which the San Francisco Planning Code applies and is administered by the City Planning Department.

E. On February 1, 2012, the State of California dissolved all redevelopment agencies including the Former Agency, by operation of law pursuant to California Health and Safety Code Section 34170 et seq. (“**Redevelopment Dissolution Law**”). Under the authority of the Redevelopment Dissolution Law and San Francisco Ordinance No. 215-12 (October 4, 2012) (establishing the Successor Agency Commission (“**Commission**”) and delegating to it state authority under the Redevelopment Dissolution Law), OCII is administering the enforceable obligations of the Former Agency. The Redevelopment Plan, Development Controls, Transbay Affordable Housing Obligation, Implementation Agreement and other relevant Project Area documents remain in effect and OCII retains all affordable housing obligations in the Project Area.

F. Redevelopment Dissolution Law authorizes successor agencies to enter into new agreements if they are “in compliance with an enforceable obligation that existed prior to June 28, 2011.” Cal. Health & Safety Code § 34177.5(a). On April 15, 2013, the California Department of Finance (“**DOF**”) finally and conclusively determined that the Implementation Agreement is a continuing enforceable obligation of OCII under the Redevelopment Dissolution Law. DOF has confirmed that “any sale, transfer, or conveyance of property related to [the Transbay Final and Conclusive Determination] is authorized.” Email from Justyn Howard, Assistant Program Budget Manager, DOF, to Tiffany Bohee, Executive Director, OCII (September 10, 2013, 09:17 am).

G. In accordance with its obligations under the Redevelopment Plan and the Implementation Agreement, OCII intends to fund the development of two affordable housing developments on Block 2 as said block is depicted in the Redevelopment Plan (“**Block 2**”), by subdividing Block 2 into two vertical subdivisions (“**Block 2 West**” and “**Block 2 East**”), providing a subsidy for development and operation of affordable housing developments with ground-floor community commercial spaces on Block 2 West and Block 2 East, and entering into ground lease agreements with affordable housing developers to cause the construction and operation of the two developments. OCII anticipates that its subsidy will facilitate additional public and private financing necessary to make the development and operation of the Block 2 financially feasible.

H. On April 6, 2021, the Commission authorized, by Resolution No. 09-2021, an exclusive negotiations agreement with the development team for Block 2, including Mercy Housing California (“**Mercy**”, the sole member of Tenant’s general partner) and co-developer Chinatown Community Development Center (“**CCDC**”). In accordance with Mercy and CCDC’s development proposal and their Joint Development Agreement dated as of March 30, 2021 (“**JDA**”), which defines the roles and responsibilities of Mercy and CCDC in developing Block 2, Mercy participates as developer, property manager, and resident services provider for a mixed-use rental housing project with ground floor community commercial spaces serving low-income families and formerly homeless families on Block 2 East, and co-developer CCDC as developer, property manager, and services provider for a mixed-use rental housing project with ground floor

community commercial spaces serving low-income seniors and formerly homeless seniors on Block 2 West. The exclusive negotiations agreement (the “**ENA**”) with Tenant enabled Tenant to pursue predevelopment activities for the construction and management of the development of Block 2 East.

I. Also on April 6, 2021, by Resolution No. 10-2021, Commission authorized the OCII Executive Director to enter into a “**Predevelopment Loan Agreement**” for a loan to the Tenant in the amount of Three Million Five Hundred Thousand Dollars (\$3,500,000) for development of Block 2 East (the “**Predevelopment Loan Amount**”) to fund costs of the Tenant’s predevelopment activities.

J. The ENA establishes a series of milestones intended to result in the execution of an option to ground lease agreement (which the parties executed on March 29, 2023), and ultimately a long-term ground lease agreement for each developers’ portion of Block 2 after public hearing and consideration by the Commission.

K. On November 1, 2022, by Resolution Nos. 39-2022 through 44-2022, the Commission recommended an amendment to the Redevelopment Plan authorizing additional height and bulk for Block 2, conditionally approved schematic designs and related actions modifying the scope of development for Block 2 to include approximately 335 affordable residential units and approximately 11,351 square feet of community commercial space in two separate buildings on Block 2 comprised of 151 residential units, amenities and open space, and 2,945 square feet of commercial space on Block 2 West (“**Block 2 West Project**”) and 184 residential units, amenities and open space, and 8,406 square feet of community commercial space on Block 2 East (“**Block 2 East Project**”). On February 3, 2023, by Ordinance No. 09-23, the City adopted amendments to the Redevelopment Plan effectuating the modified scope for the development of Block 2.

L. Pursuant to a ground lease with OCII, Tenant intends to construct approximately one hundred eighty-four (184) residential units within Block 2 East, including one hundred eighty-two units of low-income rental housing and two unrestricted manager’s units with 40 units set aside to serve formerly homeless households subsidized by the Local Operating Subsidy Program (“**LOSP**”), with related management, services and amenity space, associated landscape and access improvements, and the portion of the Pedestrian Mews located on Block 2 to be constructed on the Site (defined below in Recital R), all as more particularly set forth in the Schematic Design approved on November 1, 2022 by Commission Resolution No. 43-2022, and as further set forth in Design Development Documents approved by OCII on October 4, 2023 and as may be further revised in accordance with Redevelopment Requirements (“**Project**”).

M. Tenant has determined that, to maximize the ability of the Block 2 East Project to obtain affordable housing financing, the community commercial space should be constructed by an affiliate of the Tenant within a separate air rights parcel under a separate ground lease and loan agreement (“**Community Commercial Component**”), and that site preparation should be completed separate from the construction of the Block 2 West Project and Block 2 East Project

under a separate horizontal ground lease (the “**Horizontal Project**”). Tenant succeeded in obtaining a State affordable housing bond and tax credit allocations on December 6, 2023.

N. The Project and the Community Commercial Component are integrated components of the overall Block 2 East Project, with the Community Commercial Component providing community-focused uses, including space for a childcare facility and a private interior courtyard for childcare use, that are beneficial to residents of the Project and the surrounding community, and the Project providing a stable base of customers for the goods and services provided in the Community Commercial Component.

O. On August 4, 2023, the Citywide Affordable Housing Loan Committee approved a total OCII subsidy for the development of the Block 2 East Project in an aggregate amount not to exceed Seventy Two Million Nine Hundred Seventy-Two Thousand One Hundred Seventy-Nine Dollars (\$72,972,179) comprised of (i) an approximately \$61,961,845 permanent loan for the construction and operation of the Project (“**Site Loan**”), which includes an increase of the Predevelopment Loan Amount by Four Million Five Hundred Thousand Dollars (\$4,500,000) (for a total aggregate Predevelopment Loan Amount of Eight Million Dollars (\$8,000,000)) to fund additional predevelopment costs of the Project (“**Total Predevelopment Loan Amount**”); (ii) an approximately \$8,676,682 permanent loan to fund construction of the Community Commercial Component (“**Community Commercial Loan**”); and (iii) \$2,333,653 in cost reimbursement funding for the Horizontal Project.

P. On August 15, 2023, by Resolution No. 25-2023, the Commission authorized a First Amendment to the Predevelopment Loan Agreement, to increase the Predevelopment Loan Amount to the Total Predevelopment Loan Amount. Also on August 15, 2023, by Resolution No. 26-2023, the Commission authorized a horizontal ground lease with a Transbay 2 Family LLC (an affiliate of Tenant) (“**Horizontal Ground Lease**”). The Horizontal Ground Lease went into effect on September 22, 2023 and terminates as of the effective date of this Lease.

Q. On _____, 2024, by Resolution No. __-2024, the Commission authorized an Amended and Restated Loan Agreement (“**Loan Agreement**”) by and between OCII and Tenant for disbursement of the Site Loan for development and operation of the Project, and a ground lease by and between OCII and the Tenant for development and operation of the Project on the Site. Also on _____, 2024, the Commission separately approved the Community Commercial Loan and ground lease for the Community Commercial Component of the Block 2 East Project.

R. In furtherance of the foregoing, OCII has subdivided Block 2 by Final Subdivision Map No. 11541 (recorded in the Official Records on December 1, 2023 as Document No. 2023097238 in Book 53 of Parcel Maps at Pages 160 to 163, “**Final Map**”), creating two vertical subdivisions of roughly equal size (with Parcels 015 and 016 of the Final Map constituting Block 2 West and Parcels 017 and 018 of the Final Map constituting Block 2 East). The Project will be constructed within Parcel 017 of the Final Map (as further described in Attachment 1, the “**Site**”), and the Community Commercial Component of the Block 2 East Project will be constructed within Parcel 018 of the Final Map (the “**Community Commercial Parcel**”).

S. OCII now intends to lease the Site to Tenant for the purposes of constructing and maintaining the Project on the Site, in accordance with the terms of this Lease.

T. For purposes of implementation and to ensure consistency with the City's overall affordable housing goals and priorities, OCII has engaged the City's Mayor's Office of Housing and Community Development ("MOHCD") to provide loan disbursement services for the Project, in cooperation with OCII.

U. Upon completion of the Project, OCII intends to assign its rights and obligations under this Lease and the Loan Documents (as defined herein), together with conveyance of fee title to the Site, to MOHCD as the designated Housing Successor of the City and County of San Francisco under Board of Supervisors Resolution 11-12 (January 24, 2012), as required by Redevelopment Dissolution Law and OCII's approved Long-Term Property Management Plan dated December 2015.

NOW THEREFORE, in consideration of the mutual obligations of the parties to this Lease, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Site, for the Term (as defined in ARTICLE 2), and subject to the terms, covenants, agreements, and conditions set forth below, each and all of which Landlord and Tenant mutually agree.

ARTICLE 1 DEFINITIONS

Terms used herein have the meanings given them when first used or as set forth in this ARTICLE 1, unless the context clearly requires otherwise.

1.01 **Agreement Date** means the date first set forth above.

1.02 **Annual Rent** has the meaning set forth in Section 4.01(a).

1.03 **Area Median Income** (or **AMI**) means median income as determined and published annually by MOHCD, derived in part from the Income Limits determined by the United States Department of Housing and Urban Development for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income."

1.04 **Base Rent** has the meaning set forth in Section 4.02(a).

1.05 **Base Rent Accrual** has the meaning set forth in Section 4.02(b).

1.06 **Certificate of Occupancy** means a Temporary Certificate of Occupancy or a Final Certificate of Occupancy as issued by the San Francisco Department of Building Inspection.

1.07 **Certificate of Completion** has the meaning set forth in Section 11.01.

- 1.08 **Change** has the meaning set forth in Section 12.02.
- 1.09 **City** means the City and County of San Francisco.
- 1.10 **Claim(s)** has the meaning set forth in Section 21.01.
- 1.11 **Community Commercial Component** has the meaning set forth in Recital M.
- 1.12 **Community Commercial Parcel** has the meaning set forth in Recital R.
- 1.13 **Community Commercial Loan** has the meaning set forth in Recital N.
- 1.14 **Construction Documents** has the meaning set forth in Section 10.03.
- 1.15 **COP Outreach Obligation** has the meaning set forth in Section 6.02(e).
- 1.16 **CRL** means the California Community Redevelopment Law (Health and Safety Code, section 33000 *et seq.*).
- 1.17 **Declaration of Restrictions** means the restrictions and covenants substantially in the form of Exhibit K to the Loan Agreement.
- 1.18 **Declaration of Public Access Restrictions** means that agreement substantially in the form attached hereto as Attachment 12.
- 1.19 **Effective Date** means the date on which the Memorandum of Ground Lease is recorded in the Official Records of the County of San Francisco.
- 1.20 **Environmental Law** has the meaning set forth in Section 21.02(b)(ii).
- 1.21 **Extremely Low-Income Households** means a household with combined initial income that does not exceed thirty percent (30%) of Area Median Income.
- 1.22 **Facilities Condition Report** has the meaning set forth in Section 17.02.
- 1.23 **First Lease Payment Year** means the year in which the 151st and final residential unit receives its Certificate of Occupancy, which may be a full or partial Lease Year depending on the date of issuance of the Certificate of Occupancy.
- 1.24 **First Mortgage Lender** means any lender and its successors, assigns, and participants or other entity holding the first deed of trust on the Leasehold Estate.
- 1.25 **Former Agency** has the meaning set forth in Recital A.

- 1.26 **Hazardous Substance** has the meaning set forth in Section 21.02(b)(i).
- 1.27 **Holder** has the meaning set forth in Section 25.02.
- 1.28 **Horizontal Ground Lease** has the meaning set forth in Recital P.
- 1.29 **Horizontal Project** has the meaning set forth in Recital M.
- 1.30 **Improvements** means all physical construction, including all structures, fixtures, and other improvements, to be constructed or rehabilitated on the Site.
- 1.31 **Indemnified Party or Parties** has the meaning set forth in Section 22.01.
- 1.32 **Landlord** means the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure or OCII, and its successors and/or assigns.
- 1.33 **Laws** means all statutes, laws, ordinances, regulations, rules, orders, writs, judgments, injunctions, decrees, or awards of the United States or any state, county, municipality, or governmental agency.
- 1.34 **Lease** means this Ground Lease, as it may be amended from time to time.
- 1.35 **Lease Year** means each calendar year during the Term, beginning on January 1 and ending on December 31, provided that the “First Lease Year” will commence on the Effective Date and continue through December 31st of that same calendar year. Furthermore, the “Last Lease Year” will end upon the expiration of the Term.
- 1.36 **Leasehold Estate** means the estate held by the Tenant created by and pursuant to this Lease.
- 1.37 **Leasehold Mortgage** means any mortgage, deed of trust, trust indenture, letter of credit, or other security instrument, and any assignment of the rents, issues, and profits from the Site, or any portion thereof, that constitutes a lien on the Leasehold Estate and is approved in writing by Landlord.
- 1.38 **Lender** means any entity holding a Leasehold Mortgage.
- 1.39 **Loan Documents** means the Loan Agreement (as defined in Recital Q) and those certain agreements, notes, deeds of trust, declarations, and any other documents executed and delivered in connection with the predevelopment, construction, and permanent financing for the Project.

1.40 **LOSP** means the local operating subsidy provided by the City to the Tenant for the operation of the Project, the amount of which is sufficient to permit Tenant to operate the Project with residential units for Qualified Households with income levels below those set forth in the Declaration of Restrictions.

1.41 **Memorandum of Ground Lease** has the meaning set forth in ARTICLE 48. A form of the Memorandum of Ground Lease is included as Attachment 5.

1.42 **MOHCD** means the San Francisco Mayor's Office of Housing and Community Development, the Housing Successor to the Redevelopment Agency of the City and County of San Francisco, as designated under Board of Supervisors Resolution No. 11-12 (January 26, 2012).

1.43 **MOHCD Fees Policy** means the MOHCD Multifamily Affordable Housing Operating Fees Policy (effective April 1, 2016), as may be amended from time to time.

1.44 **New Developer** has the meaning set forth in Section 10.16.

1.45 **Notice to Proceed** has the meaning set forth in the Loan Documents.

1.46 **OCII** means the San Francisco Office of Community Investment and Infrastructure, the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body organized and existing under the laws of the State of California, Landlord under this Lease.

1.47 **Pedestrian Mews** means the privately owned public access walkway providing mid-block public access, ingress and egress north/south through Block 2, approximately 135 linear feet long and 25 linear feet wide, divided approximately evenly between the Site and the Block 2 West by the two parcels' shared boundary, as shown on the site map in Attachment 11 and subject to the Declaration of Public Access Restrictions.

1.48 **Permitted Limited Partner** means _____.

1.49 **Personal Property** means all fixtures, furniture, furnishings, equipment, machinery, supplies, software and other tangible personal property that is located in, on, or about the Premises and that can be removed from the Premises without substantial economic loss to the Premises or substantial damage to the Premises and that is incident to the ownership, development, or operation of the Improvements or the Premises, belonging to Tenant, any Residential Occupant, or any subtenant or other occupant of the Premises and/or in which Tenant, Residential Occupant, or any subtenant or other occupant has an ownership interest, together with all present and future attachments, replacements, substitutions, and additions thereto or therefor.

1.50 **Premises** means the Site and all Improvements (including without limitation the portion of the Pedestrian Mews to be located on the Site).

1.51 **Predevelopment Loan** has the meaning set forth in Recital I.

1.52 **Prohibited Use** has the meaning set forth in Section 9.02.

1.53 **Project** has the meaning given in Recital L. If indicated by context, Project means the Leasehold Estate and the fee interest in the Improvements on the Site.

1.54 **Project Expenses** means the following costs: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments, and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Tenant who maintain, administer, operate or provide services in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any senior financing that has been approved by OCII and is secured, consistent with the Lease, by either the Tenant's leasehold interest in the Lease, the improvements constructed thereon, or both, and used to finance the Project; (d) all other expenses actually incurred by Tenant to cover operating costs of the Project, including supportive services (if any), maintenance and repairs and any property management fee, each as indicated in the Annual Operating Budget; (e) required, or necessary, deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement or required by another lender or regulatory agency, each as approved by OCII and MOHCD pursuant to the Final Financial Plan; (f) annual base rent payments under the Lease in an amount equal to FIFTEEN THOUSAND AND No/100 DOLLARS (\$15,000.00); (g) an annual bond monitoring fee equal to 12.5 basis points of the average outstanding bond amount in the prior year, and \$2,500 for the remainder of the qualified project period after the bonds have been paid off; (h) mandatory interest payment(s) payable to HCD for any loan made by HCD to Tenant for the Project or mandatory interest payment(s) payable to another subordinate lender for any loan made by such lender to Tenant for the Project, each as approved by OCII and MOHCD pursuant to the Final Financial Plan; (i) a bond issuer fee, fiscal agent fee and annual asset management fee indicated in the Annual Operating Budget established in the Final Financial Plan and consistent with the limitations set out in the MOHCD Fees Policy; (j) credit adjuster payments including interest to the Permitted Limited Partner; and (k) any extraordinary expenses approved in advance by OCII (other than expenses paid from any reserve account). Project Fees are not Project Expenses.

1.55 **Project Fees** means (i) any partnership management fee payable to the Tenant's general partner, as established in the Final Financial Plan and consistent with the limitations set out in the MOHCD Fees Policy; and (ii) a limited partner asset management fee/annual investor services fee payable to the Permitted Limited Partner as approved by OCII pursuant to the terms of the Loan Documents and consistent with the MOHCD Fees Policy.

1.56 **Project Income** means all revenue, income, receipts in any form, and other consideration received by Tenant from the operation of the Improvements, including without

limitation: all rents, fees, and charges paid by Residential Occupants; Section 8 or other rental subsidy payments received for the dwelling units; supportive services funding; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; accrued interest disbursed from any reserve account required under this Lease for a purpose other than that for which the reserve account was established; and the proceeds of business interruption or similar insurance. Project Income does not include individual tenants' security deposits (except forfeited deposits), loan proceeds, capital contributions or similar advances, condemnation proceeds, insurance proceeds provided for the purpose of reconstructing all or part of the Project, or interest accruing on any portion of the Site Loan.

1.57 **Qualified Households** means households earning no more than the maximum permissible annual income level allowed under the Declaration of Restrictions, subject to Article 9 below. For purposes of this Ground Lease, Qualified Households has the same meaning as "Qualified Tenants" in the Declaration of Restrictions.

1.58 **Redevelopment Dissolution Law** has the meaning set forth in Recital E.

1.59 **Redevelopment Requirements** means the Community Redevelopment Law, Redevelopment Dissolution Law, Redevelopment Plan and Plan Documents (as defined in the Redevelopment Plan).

1.60 **Release** has the meaning set forth in Section 21.02(b)(iii).

1.61 **Residential Occupant** means any person or entity authorized by Tenant to occupy a residential unit on the Site, or any portion thereof.

1.62 **Residential Unit** has the meaning set forth in Section 9.01.

1.63 **Residual Rent** has the meaning set forth in Section 4.03.

1.64 **Site** means the real property as more particularly described in the Site Legal Description, Attachment 1.

1.65 **Site Loan** has the meaning set forth in Recital O.

1.66 **Subsequent Owner** means any successor (including a Lender or an affiliate or assignee of a Lender as applicable) to the Tenant's interest in the Leasehold Estate and the Improvements who acquires such interest as a result of a foreclosure, deed in lieu of foreclosure, or transfer from a Lender, its affiliate, and any successors to any such person or entity.

1.67 **Successor Agency** means the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure or OCII, and its successors and/or assigns.

1.68 **Surplus Cash** means all Project Income in any given Lease Year remaining after payment of Project Expenses and Project Fees. The amount of Surplus Cash will be based on figures contained in audited financial statements. All permitted uses and distributions of Surplus Cash will be governed by Section 6.02(g) of this Lease.

1.69 **Temporary Construction Access Area** is defined in Section 49.01.

1.70 **Tenant** means Transbay 2 Family, L.P., a California limited partnership and its permitted successors and assigns (or a Subsequent Owner, where appropriate).

1.71 Whenever an Attachment is referenced, it means an attachment to this Lease unless otherwise specifically identified. Whenever a section, article, or paragraph is referenced, it is a reference to this Lease unless otherwise specifically referenced.

ARTICLE 2 TERM

2.01 Initial Term. The term of this Lease will commence upon the Effective Date and will end seventy-five (75) years from that date (“**Term**”), unless extended under Section 2.02 below or earlier terminated as provided in this Lease.

2.02 Option for Extension. The Term may be extended at the option of the Tenant for one twenty-four (24) year period, as provided in this Article 2, below. If the Term is extended pursuant to this Section, all applicable references in this Lease to the “Term” will mean the Term as extended by this extension period.

2.03 Notice of Extension. Not later than one hundred eighty (180) days before the Termination Date, the Tenant may notify Landlord in writing that it wishes to exercise its option to extend the term of this Lease (an “**Extension Notice**”). Provided that the Tenant is not in default under the terms of this Lease and the Loan Documents either at the time of giving of an Extension Notice or on the last day of the initial seventy-five year Term (the “**Termination Date**”), the Term will be extended for twenty-four (24) years from the Termination Date upon Tenant’s exercise of this option, for a total Lease term not to exceed ninety-nine (99) years.

2.04 Rent During Extended Term. Rent for any extended term will be as set forth in ARTICLE 4.

2.05 Holding Over. Any holding over after expiration or earlier termination of the Term without Landlord’s written consent will constitute a default by Tenant and entitle Landlord to exercise any or all of its remedies as provided in this Lease, even if Landlord elects to accept one or more payments of Annual Rent. Failure to surrender the Site in the condition required by this Lease will constitute holding over until the conditions of surrender are satisfied.

ARTICLE 3 FINANCIAL ASSURANCE

Tenant will submit for Landlord's approval, on the dates specified in the Schedule of Performance, Attachment 2, evidence satisfactory to Landlord that Tenant has sufficient equity capital and commitments for construction and permanent financing, and/or such other evidence of capacity to proceed with the construction of the Improvements in accordance with this Lease as is acceptable to Landlord. Landlord acknowledges that as of the Effective Date Tenant has met this requirement.

ARTICLE 4 RENT

4.01 Annual Rent.

a) To the extent Base Rent and Residual Rent are due pursuant to Section 4.02 and 4.03, Tenant will pay to Landlord _____ Dollars (\$_____) (the "**Annual Rent**") per year for each year of the Term of this Lease. Annual Rent consists of Base Rent and Residual Rent, as defined in Section 4.02 below, without offset of any kind (except as otherwise permitted by this Lease) and without necessity of demand, notice or invoice. Annual Rent will be re-determined on the fifteenth (15th) anniversary of the date of the first payment of Base Rent pursuant to Section 4.02(a) below and every fifteen (15) years thereafter, and will be equal to ten percent (10%) of the appraised fair market value of the Site as determined by an MAI appraiser selected by and at the sole cost of the Tenant. Any such adjustment will be made to the Residual Rent and not to the Base Rent.

b) If the Tenant elects to extend the Term of this Lease pursuant to ARTICLE 2 above, Annual Rent (along with any potential future adjustments) during any such extended Term will be set by mutual agreement of the parties; provided, however, that Annual Rent during the extended Term will in no event be less than the Annual Rent set forth in Section a) above. If the parties cannot agree on Annual Rent for the extended Term, either party may invoke a neutral third-party process and the parties will agree on a neutral third-party appraiser to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in San Francisco or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Notwithstanding the foregoing, Tenant may, after the neutral third-party process and in its sole discretion, rescind the Extension Notice if it does not wish to extend the Term of this Lease.

4.02 Base Rent.

a) "**Base Rent**" means Fifteen Thousand Dollars (\$15,000) per annum; provided, however, that if the Tenant or any Subsequent Owner fails, after notice and opportunity to cure, to comply with the provisions of Section 9.01 and the Declaration of Restrictions, then Base Rent will be increased to the full amount of Annual Rent, in addition to any other remedies of Landlord for said default. Base Rent will be due and payable in arrears on January 31st following the lease Year for which it is owed; provided, however, Base Rent for the First Lease Payment Year shall be equal to Fifteen Thousand Dollars (\$15,000) multiplied by the number of days in the

First Lease Payment Year, divided by three hundred sixty-five (365); and provided further that no Base Rent will be due until all Residential Units have received Certificates of Occupancy.

b) If the Project does not have sufficient Project Income to pay Base Rent in any given Lease Year after the payment of (a) through (d) in the definition of Project Expenses, above, and Landlord has received written notice from Tenant regarding its inability to pay Base Rent from Project Income at least sixty (60) days before the Base Rent due date, along with supporting documentation for Tenant's position that it is unable to pay Base Rent from Project Income, then the unpaid amount will be deferred and all deferred amounts will accrue without interest until paid ("**Base Rent Accrual**"). The Base Rent Accrual will be due and payable each year from and to the extent Surplus Cash is available. Any Base Rent Accrual will be due and payable upon the earlier of (i) sale of the Project (but not a refinancing or foreclosure of the Project); or (ii) termination of this Lease (unless a new lease is entered into with a mortgagee under Section 26.09 below).

c) If Tenant has not provided Landlord with the required written notice and documentation under Section 4.02(b) in connection with its claim that it cannot pay Base Rent due to insufficient Project Income, and/or Landlord has reasonably determined that Tenant's claim that it is unable to pay Base Rent is not supported by such documentation, Landlord will assess a late payment penalty of two percent (2%) for each month or any part thereof that any Base Rent payment is delinquent. This penalty will not apply to Base Rent Accrual that has been previously approved by Landlord under Section 4.02(b). The Tenant may request in writing that Landlord waive such penalties by describing the reasons for Tenant's failure to pay Base Rent and Tenant's proposed actions to ensure that Base Rent will be paid in the future. Landlord may, in its sole discretion, waive in writing all or a portion of such penalties if it finds that Tenant's failure to pay Base Rent was beyond Tenant's control and that Tenant is diligently pursuing reasonable solutions to such failure to pay.

4.03 Residual Rent. "**Residual Rent**" means, in any given Lease Year, _____ Dollars (\$ _____), Annual Rent less Base Rent, subject to any periodic adjustments under Section 4.01(a). Commencing with the First Lease Payment Year, Residual Rent will be due in arrears on May 15th following the Lease Year for which it is owed, provided that the Residual Rent for the First Lease Payment Year shall be due on May 15th of the following calendar year and shall be equal to the difference of Base Rent subtracted from Annual Rent then multiplied by the number of days in the First Lease Payment Year then divided by three hundred sixty-five (365). Residual Rent will be payable only to the extent of Surplus Cash as provided in Section 6.02(g) below, and any unpaid Residual Rent will not accrue. Furthermore, Residual Rent shall not be due during any Lease Year prior to the First Lease Payment Year. If Surplus Cash available in a given year is insufficient to pay the full amount of the Residual Rent owed, Tenant will certify to Landlord, in writing and no later than May 15th of the calendar year the Residual Rent is due, that available Surplus Cash is insufficient to pay Residual Rent and Tenant will provide to Landlord any supporting documentation reasonably requested by Landlord to allow Landlord to verify the insufficiency.

4.04 Triple Net Lease. This Lease is a triple net lease and the Tenant will be responsible to pay all costs, charges, taxes, assessments, impositions, and other obligations related to the Premises accruing after the Effective Date. If Landlord pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, Landlord will be entitled to be reimbursed by Tenant the full amount of such payments as additional rent within thirty (30) days of written demand by Landlord. Failure to timely pay the additional rent will be a default by Tenant of this Lease. No occurrence or situation arising during the Term, or any Law, whether foreseen or unforeseen, and however extraordinary, relieves Tenant from its liability to pay all of the sums required by any of the provisions of this Lease, or otherwise relieves Tenant from any of its obligations under this Lease, or gives Tenant any right to terminate this Lease in whole or in part.

ARTICLE 5 LANDLORD COVENANTS

OCII is duly created, validly existing and in good standing under the Law, and has full right, power and authority to enter into and perform its obligations under this Lease. Landlord covenants and warrants that the Tenant and its tenants will have, hold and enjoy, during the Term, peaceful, quiet and undisputed possession of the Site leased without hindrance or molestation by or from anyone so long as the Tenant is not in default under this Lease.

ARTICLE 6 TENANT COVENANTS

Tenant covenants and agrees for itself and its successors and assigns to or of the Site, or any part thereof, that:

6.01 Authority. Tenant is a California limited partnership and has full rights, power, and authority to enter into and perform its obligations under this Lease.

6.02 Use of Site and Rents. During the Term of this Lease, Tenant and its successors and assigns will comply with the following requirements:

a) Permitted Uses. Tenant will devote the Site to, exclusively and in accordance with, the uses specified in the Declaration of Restrictions and this Lease, including as specified in ARTICLE 9 below, which are the only uses permitted by this Lease. Tenant acknowledges that that a prohibition on the change in use contained in Section 9.01 is expressly authorized by California Civil Code section 1997.230 and is fully enforceable.

b) Non-Discrimination. Tenant herein covenants by and for itself, its assigns, and all persons claiming under or through it, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the 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 Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Premises herein leased nor shall the tenant himself or herself, or any person claiming under or through him

or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Premises herein leased. Tenant will not discriminate against tenants with certificates or vouchers under the Section 8 program or any successor rent subsidy program.

c) Non-Discriminatory Advertising. All advertising (including signs) for sublease of the whole or any part of the Site must include the legend “Equal Housing Opportunity” in type or lettering of easily legible size and design, or as required by applicable Law.

d) Access for Disabled Persons. Tenant will comply with all applicable Laws providing for access for persons with disabilities, including, but not limited to, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

e) Marketing. Early outreach and marketing of the Residential Units shall comply, to the extent consistent with fair housing laws, with the early outreach and marketing requirements established in Article 6 “Marketing” in the Loan Agreement and related Exhibits I, S, T-1, and T-2. Under the Loan Agreement (including its attachments), Tenant is required to submit a marketing plan to Landlord and MOHCD that addresses how it intends to affirmatively market units in the Project to income-eligible persons displaced by redevelopment actions and their descendants, as required under Sections 33413.3 and 34178.8 of the Health and Safety Code, respectively, (the “**Certificate of Preference**” or “**COP**”) holders and also requires that Tenant, either through a third-party Access to Housing counseling organization as approved by MOHCD or on its own, conduct outreach to COP holders, including making “support services staff available to provide assistance throughout the application process, as it may be needed, with the goal of maximizing COP participation to the extent possible” and ensuring that COP holders “are aware that such assistance is available” (“**COP Outreach Obligation**”). In addition to meeting these requirements, Tenant will also provide a report to the Commission on its compliance with the COP Outreach Obligation at least three months prior to construction completion and prior to the initiation of any tenant selection process.

f) Lead Based Paint. Tenant agrees to comply with the regulations set forth in 24 CFR Part 35 and all applicable rules and orders issued thereunder which prohibit the use of lead-based paint in certain residential structures undergoing federally assisted construction and require the elimination of lead-based paint hazards.

g) Permitted Uses of Surplus Cash. If the Tenant is in compliance with all applicable requirements and agreements under this Lease, Tenant will use any Surplus Cash to make the following payments in the following order of priority:

- i. First, to Base Rent Accrual payments, if any;
- ii. Second, (a) if the Project includes a deferred developer fee and Tenant is in compliance with the Loan Documents and MOHCD policies, then fifty percent (50%) of remaining Surplus Cash to Landlord (Landlord’s

portion of Surplus Cash will be applied first to repayment of the Site Loan according to the terms of the Loan Documents, then to Residual Rent) beginning on the initial Payment Date (as such term is defined in the Loan Documents) until and including the earlier of the year (i) of the fifteenth (15th) Payment Date, or (ii) in which all deferred developer fees have been paid to Tenant; and thereafter, one-third (1/3) of Surplus Cash shall be distributed to Tenant and the remaining two-thirds (2/3) of Surplus Cash shall be Distributed to Landlord; or (b) if the project does not include a deferred developer fee, then two-thirds (2/3) of remaining Surplus Cash to Landlord (Landlord's portion of Surplus Cash will be applied first to repayment of Site Loan according to the terms of the Loan Documents, then to Residual Rent); and

- iii. Then, any remaining Surplus Cash may be used by Tenant for any purposes permitted under the residual receipt policy governing the Project, as it may be amended from time to time.

h) Notwithstanding the foregoing, Tenant and Landlord agree that the distribution of Surplus Cash may be modified based on the requirements of other Lenders or the Permitted Limited Partner.

6.03 Reciprocal Easements; Covenants, Conditions and Restrictions. Subject to OCII review and approval, Tenant shall cooperate with lessee of the Community Commercial Parcel to prepare and execute a reciprocal easement agreement, covenants, conditions and restrictions and/or other similar document(s) to establish the terms for access, use, maintenance, repair, replacement to and of spaces, structural supports and all other components of the Block 2 East Project shared between or common or mutually necessary to the development and/or operation of improvements on the Site and the Community Commercial Parcel.

6.04 Landlord Deemed Beneficiary of Covenants. In amplification and not in restriction of the provisions of the preceding subsections, it is intended and agreed that Landlord will be deemed beneficiary of the agreements and covenants provided in this ARTICLE 6 for in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided. Those agreements and covenants will run in favor of Landlord for the entire term of those agreements and covenants, without regard to whether Landlord has at any time been, remains, or is an owner of any land or interest therein, or in favor of, to which such agreements and covenants relate. Landlord or its successor will have the exclusive right, in the event of any breach of any such agreements or covenants, in each case, after notice and the expiration of cure periods, to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenants, to which it or any other beneficiaries of such agreements or covenants may be entitled.

ARTICLE 7 ANNUAL INCOME COMPUTATION, AND CERTIFICATION

No later than OCII's issuance of the Certificate of Completion (as defined in Section 11.01) by the Tenant for the Improvements, and not later than May 31st of each year thereafter, Tenant will compile and furnish to Landlord a list of the persons who are Residential Occupants of the Project, the specific unit that each person occupies, the household income of the Residential Occupants of each unit, the household size and the rent being charged to the Residential Occupants of each unit along with an income certification, in the form set forth in Attachment 6, for each Residential Occupant. In addition, Tenant will require each Residential Occupant to provide any other information, documents, or certifications deemed necessary by OCII/MOHCD to substantiate the Residential Occupant's income. If any state or federal agency requires an income certification for Residential Occupants of the Project containing the above-referenced information, Landlord agrees to accept such certification in lieu of Attachment 6 as meeting the requirements of this Lease.

ARTICLE 8 CONDITION OF SITE— "AS IS"

8.01 Tenant acknowledges and agrees that Tenant is familiar with the Site and the Temporary Construction Access Area, the Site is being leased and the Temporary Construction Access Area is being licensed and accepted in their "as-is" condition, without any improvements or alterations by Landlord, without representation or warranty of any kind, and subject to all applicable Laws governing their use, development, occupancy, and possession. Tenant further represents and warrants that Tenant has investigated and inspected, either independently or through agents of Tenant's own choosing, the condition of the Site and the Temporary Construction Access Area and the suitability of the Site and the Temporary Construction Access Area for Tenant's intended use. Tenant acknowledges and agrees that neither Landlord nor any of its agents have made, and Landlord hereby disclaims, any representations or warranties, express or implied, concerning the rentable area of the Site, the physical or environmental condition of the Site or the Temporary Construction Access Area, or the present or future suitability of the Site or the Temporary Construction Access Area for Tenant's use, or any other matter whatsoever relating to the Site or the Temporary Construction Access Area, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose; it being expressly understood that the Site is being leased and the and the Temporary Construction Access Area is being licensed in an "AS IS" condition with respect to all matters.

8.02 Accessibility Disclosure. California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist ("CASp") to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is hereby advised that the Site has not been inspected by a CASp.

ARTICLE 9 PERMITTED AND PROHIBITED USES

9.01 Permitted Uses and Occupancy Restrictions. The permitted uses of the Project are limited to the construction and operation of one hundred eighty-two (182) units of affordable rental housing for Qualified Households plus two manager's units including forty (40) LOSP units reserved for formerly homeless households (collectively, the "**Residential Units**"), common areas for tenants, and the Pedestrian Mews, constituting the Project. Upon the completion of construction of the Project, one hundred eighty-four (184) of the Residential Units in the Project will be occupied or held vacant and available for rental by Residential Occupants certified as Qualified Households (except as provided in Section B of the Declaration of Restrictions). For as long as Tenant has a LOSP contract or other equivalent operating or rental subsidy for 40 residential units, 40 of the Residential Units must be set aside for households experiencing homelessness that will use LOSP. Residential Units must be occupied and rented in accordance with all applicable restrictions imposed on the Project by this Lease, the Declaration of Restrictions, and by Lenders for so long as such restrictions are required.

9.02 Prohibited Uses. Tenant agrees that the following activities, by way of example only and without limitation, and any other use that is not a Permitted Use (in each instance, a "**Prohibited Use**" and collectively, "**Prohibited Uses**"), are inconsistent with this Lease, are strictly prohibited and are considered Prohibited Uses:

- a) any activity, or the maintaining of any object, that is not within the Permitted Use;
- b) any activity, or the maintaining of any object, that will in any way increase the existing rate of, affect or cause a cancellation of, any fire or other insurance policy covering the Premises, any part thereof or any of its contents;
- c) any activity or object that will overload or cause damage to the Premises excluding normal wear and tear;
- d) any activity that constitutes waste or nuisance, including, but not limited to, the preparation, manufacture or mixing of anything that might emit any objectionable odors, noises, or lights onto adjacent properties, or the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises;
- e) any activity that will in any way injure, obstruct, or interfere with the rights of owners or occupants of adjacent properties, including, but not limited to, rights of ingress and egress;
- f) any auction, distress, fire, bankruptcy or going out of business sale on the Premises without the prior written consent of Landlord, which consent may be granted, conditioned, or withheld in the sole and absolute discretion of Landlord;

g) any vehicle and equipment maintenance, including but not limited to, fueling, changing oil, transmission or other automotive fluids;

h) the storage of any and all excavated materials, including but not limited to, dirt, concrete, sand, asphalt, and pipes, except to the extent necessary during construction of the Project or during critical maintenance or repairs to the Project or its shared systems for the timeframe reasonably necessary to complete such maintenance or repairs;

i) the storage of any and all aggregate material, or bulk storage, such as wood or of other loose materials, except to the extent necessary during construction of the Project or during critical maintenance or repairs to the Project or its shared systems for the timeframe reasonably necessary to complete such maintenance or repairs;

j) any unauthorized structure or improvement that will preclude or limit public access to and use of, or impede public ingress and egress across, the Pedestrian Mews.

ARTICLE 10 CONSTRUCTION OF IMPROVEMENTS

10.01 Schedule of Performance. Tenant shall undertake and complete all physical construction on the Site, in accordance with the Schedule of Performance, Attachment 2.

10.02 Reserved.

10.03 General Requirements and Rights of Landlord. All construction documents for the construction of the Improvements by Tenant (the “**Construction Documents**”) must be prepared by a person registered in and by the State of California to practice architecture and shall be in conformity with this Lease, including any limitations established in OCII’s approval of the schematic drawings, preliminary construction documents, and final construction documents for the Project, and all applicable Federal, State, and local laws and regulations. The architect will use, as necessary, members of associated design professions, including engineers and landscape architects. All Improvements shall be owned, for federal income tax purposes, by Tenant, subject to the rights of Landlord upon expiration or early termination of the Lease.

10.04 OCII Approvals and Limitation Thereof. The Construction Documents must be approved by OCII in the manner set forth below:

a) Compliance with Redevelopment Plan and Lease. OCII’s approval with respect to the Construction Documents is limited to determination of their compliance with the Redevelopment Requirements, Schematic Design, this Lease and the Loan Documents. The Construction Documents will be subject to general architectural review and guidance by OCII as part of this review and approval process.

b) OCII Does Not Approve Compliance with Construction Requirements. OCII's approval is not directed to engineering or structural matters or compliance with local building codes and regulations, the Americans with Disabilities Act, or any other applicable Law relating to construction standards or requirements. Nothing in this Lease will limit in any way Tenant's obligation to obtain any required approvals from City officials, departments, boards or commissions having jurisdiction over the Premises. By entering into this Lease, OCII is in no way modifying or limiting Tenant's obligation to cause the Premises to be used and occupied in accordance with all applicable Laws.

10.05 Construction of Improvements to be in Compliance with Construction Documents and Law.

a) Compliance with Approved Documents. Construction of the Improvements must be in compliance with all OCII-approved Construction Documents.

b) Compliance with Local, State and Federal Law. Construction of the Improvements must be in strict compliance with all applicable Laws, including all laws relating to accessibility for persons with disabilities and all applicable mitigation measures identified in the Final Environmental Impact Statement/Environmental Impact Report ("FEIS/EIR") for the Transbay Redevelopment Project Area. Tenant understands and agrees that Tenant's use of the Premises and construction of the Improvements permitted under this Lease will require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant will be solely responsible for obtaining any and all such regulatory approvals. Tenant will bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and will be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Project or OCII's interest therein must first be approved by OCII in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval will be immediately paid and discharged by Tenant, and Landlord will have no liability, monetary or otherwise, for any such fines or penalties. Tenant will indemnify, defend, and hold harmless OCII and the other Indemnified Parties hereunder against all Claims (as such terms are defined in ARTICLE 21 below) arising in connection with Tenant's failure to obtain or failure by Tenant, its agents, or invitees to comply with the terms and conditions of any regulatory approval except to the extent such Claims are caused by gross negligence or willful misconduct of the party seeking indemnification.

10.06 Approval of Construction Documents by OCII. Tenant will submit and OCII will approve or disapprove the Construction Documents referred to in this Lease within the times established in the Schedule of Performance, so long as each set of the applicable Construction Documents are complete and properly submitted within the time frames set forth in the Schedule of Performance. Failure by OCII either to approve or disapprove within the times established in

the schedule of Performance will entitle Tenant to a day for day extension of time for completion of any activities delayed as a direct result of OCII's failure to timely approve or disapprove the Construction Documents.

10.07 Disapproval of Construction Documents by OCII. If OCII disapproves the Construction Documents in whole or in part as not being in compliance with Redevelopment Requirements or this Lease, Tenant will submit new or corrected Construction Documents which are in compliance within thirty (30) days after written notification to it of disapproval, and the provision of this section relating to approval, disapproval and re-submission of corrected Construction Documents will continue to apply until the Construction Documents have been approved by OCII; provided, however, that in any event Tenant must submit satisfactory Construction Documents (*i.e.*, approved by OCII) no later than the date specified therefor in the Schedule of Performance.

10.08 Issuance of Building Permits.

a) Tenant will have the sole responsibility for obtaining all necessary building permits and will make application for such permits directly to the City's Department of Building Inspection. Landlord understands and agrees that Tenant may use the Fast Track method of permit approval for construction of the Improvements. Tenant shall report permit status every thirty (30) days to OCII. Failure to timely file and to diligently pursue issuance of permits shall be a breach of this Lease.

b) The Tenant is advised that the Central Permit Bureau will forward all building permits to OCII for approval of compliance with Redevelopment Requirements. OCII's approval under this Section 10.08(b) is limited to its determination of compliance with Redevelopment Requirements and does not include Section 10.04(b) matters. OCII evidences such compliance by signing the permit and returning the permit to the Central Permit Bureau for issuance directly to the Tenant. Approval of any intermediate permit, however, is not approval of compliance with all Redevelopment Requirements necessary for a full and final building permit.

10.09 Performance and Payment Bonds. Except as provided elsewhere in this Agreement or the Loan Agreement, before commencement of construction of the Improvements, and subject to the reasonable approval of OCII, Tenant will deliver to OCII performance and payment bonds, each for the full value of the cost of construction of the Improvements, which bonds will name OCII as co-obligee, or such other completion security which is acceptable to OCII. The payment and performance bonds may be obtained by Tenant's general contractor and name Tenant and OCII as co-obligees.

10.10 OCII Approval of Changes after Commencement of Construction. Tenant may not approve or permit any change to the Construction Documents approved by OCII without OCII's prior written consent, except as may be permitted under the Loan Agreement.

10.11 Times for Construction. Tenant agrees for itself, and its successors and assigns to or of the Leasehold Estate or any part thereof, that Tenant and such successors and assigns will promptly begin and diligently prosecute to completion the construction of the Improvements upon the Site, and that such construction will be completed no later than the dates specified in the Schedule of Performance, subject to force majeure, unless such dates are extended by Landlord.

10.12 Force Majeure. For the purposes of any of the provisions of this Lease, and notwithstanding anything to the contrary, neither Landlord nor Tenant, as the case may be, will be considered in breach or default of its obligations, and there will not be deemed a failure to satisfy any conditions with respect to the beginning and completion of construction of the Improvements, or progress in respect thereto, in the event of enforced delay in the performance of such obligations or satisfaction of such conditions, due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of the public enemy, terrorism, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, general scarcity of materials, unusually severe weather, or delays of subcontractors due to unusual scarcity of materials or unusually severe weather; it being the purposes and intent of this provision that the time or times for the satisfaction of conditions to this Lease including those with respect to construction of the Improvements, will be extended for the period of the enforced delay; provided, however, that the party seeking the benefit of the provisions of this paragraph must have notified the other party of the delay and evidence of its causes in writing within thirty (30) days after the beginning of any such enforced delay and requested an extension for the reasonably estimated period of the enforced delay; and, provided further, that this paragraph does not apply to, and nothing contained in this paragraph will extend or will be construed to extend, the time of performance of any of Tenant's obligations to be performed before the commencement of construction, and the failure to timely perform pre-commencement of construction obligations will not extend or be construed to extend Tenant's obligations to commence, prosecute, and complete construction of the Improvements in the manner and at the times specified in this Lease.

10.13 Reports. Commencing when construction of the Improvements commences and continuing until completion of construction of the Improvements, Tenant will make a report in writing to OCII every month, in such detail as may reasonably be required by OCII, as to the actual progress of the Tenant with respect to the construction. During such period, the work of the Tenant shall be subject to inspection by representatives of OCII, at reasonable times and upon reasonable advance notice.

10.14 Access to Site. As of the Effective Date and until OCII issues a Certificate of Completion (as defined in Section 11.01 below), Tenant will permit access to the Site to Landlord whenever and to the extent necessary to carry out the purposes of the provisions of this Lease or other redevelopment obligations, at reasonable times and upon reasonable advance notice, and on an emergency basis without notice whenever Landlord believes that emergency access is required. After OCII's issuance of a Certificate of Completion, access to the Premises will be governed by ARTICLE 24, below.

10.15 Notice of Completion. Promptly upon completion of the construction of the Improvements in accordance with the provisions of this Lease, Tenant will file a Notice of Completion (“**NOC**”) and record the NOC in the San Francisco Recorder’s Office. Tenant will provide OCII with a copy of the recorded NOC.

10.16 Completion of Improvements by New Developer. In the event a Lender or a successor thereto forecloses, obtains a deed in lieu of foreclosure, or otherwise realizes upon the Premises and undertakes construction of the Improvements (“**New Developer**”) (a) the New Developer will not be bound by the provisions of the Schedule of Performance with respect to any deadlines for the completion of the Improvements but will only be required to complete the Improvements with due diligence and in conformance with a new Schedule of Performance as agreed upon by the New Developer and OCII, (b) the New Developer will only be required to complete the Improvements in accordance with all applicable building codes and ordinances, and the OCII-approved Construction Documents with such changes that are mutually agreed upon by OCII and the New Developer under the following clause (c); and (c) OCII and New Developer will negotiate in good faith such reasonable amendments and reasonable modifications to the Schedule of Performance and ARTICLE 10 of this Lease as the parties mutually determine to be reasonably necessary based upon the financial and construction conditions then existing.

ARTICLE 11 COMPLETION OF IMPROVEMENTS

11.01 Certificate of Completion—Issuance. After completion of the construction of the Improvements in accordance with the provisions of this Lease, if requested by Tenant together with reasonable supporting documentation, including an architect’s certification of completion, OCII will furnish Tenant with an appropriate instrument so certifying (the “**Certificate of Completion**”). OCII’s Certificate of Completion will be a conclusive determination of satisfaction and termination of the agreements and covenants of this Lease regarding Tenant’s obligation to construct the Improvements in accordance with approved Construction Documents. The Certificate of Completion will include the dates of the beginning and completion of construction of the Improvements, but the Certificate of Completion will not constitute evidence of compliance with or satisfaction of Tenant’s obligations to any Lender, or any insurer of a mortgage, securing money loaned to finance the construction or any part thereof; provided further, that OCII’s issuance of a Certificate of Completion does not relieve Tenant or any other person or entity from any and all OCII requirements, regulatory approvals, or conditions relating to construction or occupancy of the Improvements, which requirements or conditions must be complied with separately.

OCII may elect to issue Tenant a Certificate of Completion if no events of default by Tenant are then existing under this Lease or the Loan Documents, and Tenant has completed the Improvements in accordance with this Lease, except for: (1) punch list items; and (2) other items that do not adversely affect or impair Tenant’s use and occupancy of the Improvements for the purposes contemplated by this Lease and that do not preclude the City’s issuance of a certificate of occupancy or other certificate or authorization of Tenant’s use and occupancy of the Improvements. However, OCII will not be obligated to issue a Certificate of Completion in these circumstances unless and until Tenant has provided to OCII, at OCII’s request, a bond, letter of

credit, certificate of deposit, or other security reasonably acceptable to OCII in an amount equal to 110% of the estimated cost to OCII of completing the items described in clauses (1) through (3) above, as reasonably determined by OCII.

11.02 Certifications to be Recordable. The Certificate of Completion will be in a form that permits it to be recorded with the Recorder of the City.

11.03 Certification of Completion—Non-Issuance Reasons. If OCII refuses or fails to provide a Certificate of Completion in accordance with the provisions of Section 11.01, OCII will provide Tenant with a written statement indicating in adequate detail in what respects Tenant has failed to complete the construction of the Improvements in accordance with the provisions of this Lease or is otherwise in default hereunder and what measures or acts will be necessary, in the opinion of OCII, for Tenant to take or perform in order to obtain a Certificate of Completion.

ARTICLE 12 CHANGES TO THE IMPROVEMENTS

12.01 Post-Completion Changes. Landlord has a particular interest in the Project and in the nature and extent of the permitted changes to the Improvements. Accordingly, it imposes the following controls on the Site and on the Improvements: during the term of this Lease, neither Tenant nor any voluntary or involuntary successor or assign, may make or permit any Change (as defined in Section 12.02) in the Project or the Premises, unless the express prior written consent for any Change has been requested in writing from Landlord and obtained, and, if obtained, upon such terms and conditions as Landlord may reasonably require. Landlord agrees not to unreasonably withhold or delay its response to such a request.

12.02 Definition of Change. “**Change**” as used in this Article 12 means any alteration, modification, addition, and/or substitution of or to the Leasehold Estate, the Project, the Premises, and/or the density of development that differs materially from that which existed upon the completion of construction of the Improvements in accordance with this Lease, and includes, without limitation, the exterior design and exterior materials. For purposes of the foregoing, “exterior” includes the roof of the Project. “Change” does not include any repair, maintenance, cosmetic interior alterations (e.g., paint, carpet, installation of moveable equipment and trade fixtures, and hanging of wall art) in the normal course of operation of the Project, or as may be required in an emergency to protect the safety and well-being of the Project’s Residential Occupants.

12.03 Enforcement. Subject to ARTICLE 19 hereof, Landlord will have any and all remedies in law or equity (including, without limitation, restraining orders, injunctions, and/or specific performance), judicial or administrative, to enforce the provisions of this ARTICLE 12, including, without limitation, any threatened or actual breach or violation of this Section.

ARTICLE 13 TITLE TO IMPROVEMENTS

Landlord acknowledges that fee title to the Improvements will be vested in Tenant for the Term of this Lease. It is the intent of the Parties that this Lease and the Memorandum of Ground Lease will create constructive notice of severance of the Improvements from the land without the necessity of a deed from Landlord to Tenant. Landlord and Tenant hereby agree that fee title to the Improvements will remain vested in Tenant during the Term, subject to Section 14.01 below; provided, however, that, subject to the rights of any Lenders and as further consideration for Landlord entering into this Lease, at the expiration or earlier termination of this Lease, fee title to all the Improvements will vest in Landlord without further action of any party, without any obligation by Landlord to pay any compensation to Tenant, and without the necessity of a deed from Tenant to Landlord. Notwithstanding the foregoing, if requested by Landlord, upon expiration or sooner termination of this Lease, Tenant shall execute and deliver to Landlord an acknowledged and good and sufficient grant deed conveying to Landlord Tenant's fee interest in the Improvements. For so long as it is not in default of this Lease, Tenant shall have the exclusive right to deduct, claim retain and enjoy any and all rental income appreciation, gain, depreciation, amortization, and tax credits for federal and State tax purposes relating thereto, substitution therefor, fixtures therein and other property relating thereto.

ARTICLE 14 ASSIGNMENT, SUBLEASE, OR OTHER CONVEYANCE

14.01 Assignment, Sublease, or Other Conveyance by Tenant. Tenant may not sell, assign, convey, sublease, or transfer in any other mode or form all or any part of its interest in the Site, this Lease or in the Improvements or any portion thereof except as provided in ARTICLE 51 of this Lease.

a) Assignment, Sublease, or Other Conveyance by Landlord. The Parties acknowledge and agree that OCII, effective upon the issuance of the Certificate of Completion or some later date as determined by OCII, intends to transfer all of its rights, interests and obligations under this Lease and the Loan Documents, together with conveyance of fee title to the Site, to MOHCD as the designated Housing Successor of the City and County of San Francisco under Board of Supervisors Resolution 11-12 (January 26, 2012), Redevelopment Dissolution Law, and OCII's approved Long-Term Property Management Plan (November 23, 2015). Tenant shall have no right to object and shall attorn to such assignee, and shall execute such instruments and take such actions as may be reasonably required to carry out OCII's intent. Upon assignment to MOHCD, all references herein to Landlord shall be deemed references to MOHCD. OCII and Tenant hereby agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Section 14.01. Upon assignment to MOHCD, all references herein to OCII shall be deemed references to MOHCD.

b) As a condition of the assignment of the Lease and Loan Documents to the City, the City may require standard City contracting provisions under San Francisco Administrative Code or other Laws, as described in Attachment 7, be incorporated into the Lease and Loan Documents.

c) The parties acknowledge that any sale, assignment, transfer, or conveyance or encumbrance of all or any part of Landlord's interest in the Premises, the Site, the Improvements, or this Lease, is subject to this Lease. Landlord will require that any purchaser, assignee, or transferee expressly assume all of the obligations of Landlord under this Lease by a written instrument recordable in the Official Records of the City. This Lease will not be affected by any such sale, and Tenant will attorn to any such purchaser or assignee.

ARTICLE 15 TAXES

Subject to any exemption available therefor, Tenant agrees to pay, or cause to be paid, before delinquency to the proper authority, any and all valid taxes, assessments, and similar charges on the Premises that become effective after the Effective Date of this Lease, including all taxes levied or assessed on the possession, use or occupancy, as distinguished from the ownership, of the Site. Tenant will not permit any such taxes, charges, or other assessments to become a defaulted lien on the Site, Leasehold Estate or the Improvements thereon; provided, however, that in the event any such tax, assessment, or similar charge is payable in installments, Tenant may make, or cause to be made, payment in installments; and, provided further, that Tenant may contest the legal validity or the amount of any tax, assessment, or similar charge, through such proceedings as Tenant considers necessary or appropriate provided that such proceedings are initiated on or before the date the disputed tax, assessment or similar charge would otherwise be due and payable, and Tenant may defer the payment thereof so long as the validity or amount thereof is contested by Tenant in good faith and without expense to Landlord. If Tenant contests a tax, assessment, or other similar charge, then Tenant will protect, defend, and indemnify Landlord against all Claims resulting therefrom, and if Tenant is unsuccessful in any such contest, Tenant will immediately pay, discharge, or cause to be paid or discharged, the tax, assessment, or other similar charge. Landlord will furnish such information as Tenant may reasonably request in connection with any such contest, provided that such information is in Landlord's possession or control or is otherwise available to the public. Landlord hereby consents to and will reasonably cooperate and assist with Tenant applying for and obtaining any applicable exemptions from taxes or assessments levied on the Site, the Improvements, or on Tenant's interest therein. Tenant will have no obligation under this Section before the Effective Date, including but not limited to any taxes, assessments, or other charges levied against the Site that are incurred before the Effective Date.

ARTICLE 16 UTILITIES

From and after the Effective Date, Tenant will procure water and sewer service from the City and electricity, telephone, natural gas, if applicable, and any other utility service from the City or utility companies providing such services, and will pay all connection and use charges imposed in connection with such services. From and after the Effective Date, as between Landlord and Tenant, Tenant will be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the City or the utility providing such service.

ARTICLE 17 MAINTENANCE AND OPERATION

17.01 Maintenance. Tenant, at all times during the Term, shall maintain or cause to be maintained the Premises in good condition and repair to the reasonable satisfaction of Landlord, including the exterior, interior, substructure, and foundation of the Improvements and all fixtures, equipment, and landscaping from time to time located on the Site or any part thereof. Landlord will not be obligated to make any repairs, replacements, or renewals of any kind, nature, or description whatsoever to the Premises or any buildings or improvements now or hereafter located thereon. Tenant hereby waives all rights to make repairs at Landlord's expense under Sections 1932(1), 1941 and 1942 of the California Civil Code or under any similar Law now or hereafter in effect.

17.02 Facilities Condition Report. Every five (5) years beginning on the fifth anniversary date of the issuance of the Certificate of Completion, Tenant will deliver to Landlord a facilities condition report for the Premises, prepared by a qualified team of construction professionals acceptable to Tenant and Landlord, describing at a minimum the condition and integrity of the Premises, foundation and structural integrity of the building, and all utilities systems serving the building (the "**Facilities Condition Report**"). Tenant will provide with its submittal of the Facilities Condition Report, an anticipated schedule of and budget for, the repairs identified in the Facilities Condition Report. If Landlord reasonably believes the Facilities Condition Report does not adequately describe the condition and integrity of the listed items or the timing of required repairs, then Landlord will notify Tenant of the deficiency and Tenant will revise the Facilities Condition Report to address Landlord's concerns. If Tenant fails to provide a Facilities Condition Report to Landlord every five (5) years, then Landlord after giving thirty (30) days' notice to Tenant will have the right, but not the obligation, to cause a Facilities Condition Report to be prepared by a team of construction professionals of Landlord's choice, at Tenant's sole cost. Tenant will perform the repairs within the timeframe set forth in the Facilities Condition Report approved by Landlord.

17.03 Landlord's Right to Inspect. Without limiting ARTICLE 24 below, Landlord may, upon reasonable prior notice to Tenant, make periodic inspections of the Premises and other areas for which Tenant has obligations and may advise Tenant when maintenance or repair is required, but such right of inspection will not relieve Tenant of its independent responsibility to maintain the Premises, Improvements, and other areas as required by this Lease in a condition as good as, or better than, their condition at the completion of the Improvements, excepting ordinary wear and tear.

17.04 Landlord's Right to Repair. If Tenant fails to maintain or to promptly repair any damage to the Premises as required by this Lease, then subject to applicable notice and cure periods, Landlord may repair the damage at Tenant's sole cost and expense and Tenant will immediately reimburse Landlord for all costs of the maintenance or repair.

17.05 Operation. Following completion of the Improvements, Tenant will maintain and operate the Project consistent with the maintenance and operation of a safe, clean, well-maintained first-class mixed-use residential/commercial project located in San Francisco. Tenant will be

exclusively responsible, at no cost to Landlord except as otherwise contemplated herein and under the Loan Documents, for the management and operation of the Project. In connection with managing and operating the Project, Tenant will provide (or require others to provide), services as necessary and appropriate to the uses to which the Project are put, including (a) repair and maintenance of the Improvements; (b) utility, telecommunications and internet (including Wi-Fi) services to the extent customarily provided by equivalent projects located in San Francisco; (c) cleaning, janitorial, pest extermination, recycling, composting, and trash and garbage removal; (d) landscaping and groundskeeping; (e) security services with on-site personnel for the Project; and (f) lighting at night sufficient for safe pedestrian navigation along pathways. Tenant will use commercially reasonable efforts to ensure that no portion of the Project remains unoccupied or unused without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion.

17.06 Pedestrian Mews. Tenant shall have all rights and shall be subject to and perform all obligations of [Declarant] under that certain Declaration of Public Access Restrictions recorded on _____ as Instrument No. _____ (**"Declaration of Public Access Restrictions"**) with respect to the portion of the Premises subject to the Declaration of Public Access Restrictions, and enjoy such rights and perform such obligations at no cost to OCII.

ARTICLE 18 LIENS

Tenant will use its best efforts to keep the Premises free from any liens arising out of any work performed or materials furnished by itself or its subtenants. If Tenant does not cause a lien to be released of record or bonded around within thirty (30) days following written notice from Landlord of the imposition of the lien, Landlord will have, in addition to all other remedies provided in this Lease and by Law, the right (but not the obligation) to cause the lien to be released by any means as it deems proper, including payment of the claim giving rise to such lien. All sums paid by Landlord for such purpose, and all reasonable expenses incurred by it in connection therewith, will be payable to Landlord by Tenant as additional Base Rent, and paid promptly on demand. Notwithstanding the foregoing, Tenant will have the right, upon posting of an adequate bond or other security, to contest any lien, and Landlord will not seek to satisfy or discharge the lien unless Tenant has failed so to do within ten (10) days after the final determination of the validity of the lien. If Tenant contests a lien, then Tenant will protect, defend, and indemnify Landlord against all Claims resulting therefrom. The provisions of this Section will not apply to any liens arising before the Effective Date that are not the result of Tenant's contractors, consultants, or activities.

ARTICLE 19 GENERAL REMEDIES

19.01 Application of Remedies. The provisions of this ARTICLE 19 govern the parties' remedies for breach of this Lease.

19.02 Breach by Landlord. If Tenant believes that Landlord has materially breached this Lease, Tenant must first notify Landlord in writing of the purported breach, giving Landlord one

hundred twenty (120) days from receipt of such notice to cure the breach. If Landlord does not cure the breach within the 120-day period, or if the breach is not reasonably susceptible to cure within that 120-day period, begin to cure within one hundred twenty (120) days and diligently prosecute then cure to completion, then Tenant will have all of its rights at law or in equity by taking any or all of the following remedies: (i) terminating in writing this entire Lease with the written consent of each Lender; (ii) prosecuting an action for damages; (iii) seeking specific performance of this Lease; or (iv) any other remedy available at law or equity.

19.03 Breach by Tenant.

a) Default by Tenant. Subject to the notice and cure rights under Sections 19.03(b) and 19.04, the following events each constitute a basis for Landlord to take action against Tenant:

- (i) Tenant fails to comply with the Permitted Uses and Occupancy Restrictions set forth in Section 9.01 and the Declaration of Restrictions;
- (ii) Tenant voluntarily or involuntarily assigns, transfers, or attempts to transfer or assign this Lease or any rights in this Lease, or in the Improvements, except as permitted by this Lease or otherwise approved by Landlord;
- (iii) From and after the Effective Date, Tenant or its successor in interest fails to pay real estate taxes or assessments in accordance with Article 15, or places or allows to be placed on the Leasehold Estate, Site, the Premises, or any portion thereof, any encumbrance or lien not authorized by this Lease, or suffers any levy or attachment, or any material supplier's or mechanic's lien or the attachment of any other unauthorized encumbrance or lien, and the taxes or assessments have not been paid, or the encumbrance or lien removed or discharged within the time period provided in ARTICLE 18; provided, however, that Tenant has the right to contest any tax or assessment or encumbrance or lien as provided in ARTICLE 15 and ARTICLE 18;
- (iv) Tenant is adjudicated bankrupt or insolvent or makes a transfer to defraud its creditors, or makes an assignment for the benefit of creditors, or brings or has brought against Tenant any action or proceeding of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy, or reorganization act and, in the event such proceedings are involuntary, Tenant is not dismissed from the proceedings within sixty (60) days thereafter; or, a receiver is appointed for a substantial part of the assets of Tenant and such receiver is not discharged within sixty (60) days;

- (v) Tenant breaches any other material provision of this Lease;
- (vi) Tenant fails to pay any portion of Annual Rent when due in accordance with the terms and provisions of this Lease;
- (vii) Failure to commence any maintenance or repair obligation concerning the Premises.

b) Notification and Landlord Remedies. Upon the happening of any of the events described in Section 19.03(a) above, and before exercising any remedies, Landlord will notify Tenant, the Permitted Limited Partner(s), and each Lender in writing of Tenant's purported breach, failure, or act in accordance with the notice provisions of ARTICLE 39, giving Tenant, any Lender, and Permitted Limited Partner(s) sixty (60) days from the giving of the notice to cure such breach, failure, or act, with the exception of breach of Section 19.03(a)vii, above, which shall be subject to a cure period of ten (10) days. If Tenant, Lender, or Permitted Limited Partner does not cure or, if the breach, failure, or act is not reasonably susceptible to cure within the applicable cure period, begin to cure within the applicable cure period and thereafter diligently prosecute such cure to completion, then, subject to the rights of any Lender and Permitted Limited Partner and subject to Section 19.04 and ARTICLE 26, Landlord will have all of its rights at law or in equity, including, but not limited to:

- (i) the remedy described in Section 1951.4 of the California Civil Code (a landlord may continue the lease in effect after a tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations) under which it may continue this Lease in full force and effect and the Landlord may enforce all of its rights and remedies under this Lease, including the right to collect rent when due. During the period Tenant is in default, Landlord may enter the Premises without terminating this Lease and relet them, or any part of them, to third parties for Tenant's account. Tenant will be liable immediately to Landlord for all reasonable costs that Landlord incurs in reletting the Premises, including, but not limited to, broker's commissions, expenses of remodeling the Premises required by the reletting and like costs. Reletting can be for a period shorter or longer than the remaining Term, at such rents and on such other terms and conditions as Landlord deems advisable, subject to any restrictions applicable to the Premises. Tenant shall owe Landlord the rent due under this Lease on the dates the rent is due, less the rent Landlord receives from any reletting. If Landlord elects to relet, then rentals received by Landlord from the reletting will be applied in the following order: (1) to reasonable attorneys' and other fees incurred by Landlord as a result of a default and costs if suit is filed by Landlord to enforce its remedies; (2) to the payment of any costs of

maintaining, preserving, altering, repairing, and preparing the Premises for reletting, the other costs of reletting, including but not limited to brokers' commissions, reasonable attorneys' fees and expenses of removal of Tenant's Personal Property and Changes; (3) to the payment of rent due and unpaid; (4) the balance, if any, will be paid to Tenant upon (but not before) expiration of the Term. If that portion of the rentals received from any reletting during any month that is applied to the payment of rent, is less than the rent payable during the month, then Tenant shall owe the deficiency to Landlord. The deficiency will be calculated and paid monthly. No act by Landlord allowed by this Section will terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease. After Tenant's default and for as long as Landlord does not terminate Tenant's right to possession of the Premises by written notice, if Tenant obtains Landlord's consent Tenant will have the right to assign or sublet its interest in this Lease, but Tenant shall not be released from liability and the assignment or subletting will not serve to cure the default;

(ii) terminate Tenant's right to possession of the Leasehold Estate at any time. No act by Landlord other than giving notice of termination to Tenant will terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease will not constitute a termination of Tenant's right to possession. If Landlord elects to terminate this Lease, then Landlord has the rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate Tenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Annual Rent and any additional charges for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Landlord's efforts to mitigate the damages caused by Tenant's breach of this Lease will not waive Landlord's rights to recover damages upon termination;

(iii) cause a receiver to be appointed for Tenant upon application by Landlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Landlord under this Lease;

(iv) seek specific performance of this Lease; or

- (v) in the case of default under Section 19.03(a)(i), increase the Base Rent to the full amount of the Annual Rent.

Notwithstanding the foregoing, during the 15-year tax credit “compliance period” (as defined in Section 42 of the Internal Revenue Code, as amended) for the Project, Landlord may only terminate this Lease for a default by Tenant under Section 19.03(a)(vi) above.

19.04 Rights of Permitted Limited Partner.

a) If a Permitted Limited Partner cannot cure a default due to an automatic stay in Bankruptcy court because the general partner of the Tenant is in bankruptcy, any cure period will be tolled during the pendency of such automatic stay.

b) Landlord will not exercise its remedy to terminate this Lease if a Permitted Limited Partner is attempting to cure the default and the cure requires removal of the managing general partner, so long as the Permitted Limited Partner is proceeding diligently to remove the managing general partner in order to effect a cure of the default and the removal of such general partner(s) shall not in and of itself cause a default hereunder.

c) Unless otherwise provided for in this Lease, any limited partner that is not the Permitted Limited Partner identified in ARTICLE 39 wishing to become a Permitted Limited Partner must provide five (5) days written notice to Landlord in accordance with the notice provisions of this Lease, setting forth a notice address and providing a copy of such notice to the Tenant and all of the Tenant’s partners. The limited partner will become a Permitted Limited Partner upon the expiration of the five-day period. A limited partner will not be afforded the protections of this Section with respect to any default occurring before the limited partner becomes a Permitted Limited Partner.

19.05 Landlord’s Right to Cure Tenant’s Default. If Tenant defaults in the performance of any of its obligations under this Lease, Landlord may at any time thereafter after notice and expiration of the applicable cure period (except in the event of an emergency as determined by Landlord, in which case the Landlord may act when Landlord determines necessary), remedy the default for Tenant’s account and at Tenant’s expense. Tenant will pay to Landlord as additional Base Rent, promptly upon demand, all sums expended by Landlord, or other costs, damages, expenses, or liabilities incurred by Landlord, including reasonable attorneys’ fees, in remedying or attempting to remedy the default. Tenant’s obligations under this Section will survive the termination of this Lease. Nothing in this Section implies any duty of Landlord to do any act that Tenant is obligated to perform under any provision of this Lease, and Landlord’s cure or attempted cure of Tenant’s default will not constitute a waiver of Tenant’s default or any rights or remedies of Landlord on account of the default.

19.06 Waiver of Redemption. Tenant hereby waives, for itself and all persons claiming by and under Tenant, redemption or relief from forfeiture under California Code of Civil Procedure

Sections 1174 and 1179, or under any other pertinent present or future Law, in the event Tenant is evicted or Landlord takes possession of the Premises by reason of any default of Tenant hereunder.

19.07 Remedies Not Exclusive. The remedies set forth in Section 19.03(b) are not exclusive; they are cumulative and in addition to any and all other rights or remedies of Landlord now or later allowed by Law. Tenant's obligations hereunder will survive any termination of this Lease.

ARTICLE 20 DAMAGE AND DESTRUCTION

20.01 Insured Casualty. If the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant under this Lease, Tenant will promptly commence and diligently complete the restoration of the Improvements as nearly as possible to the condition thereof before such damage or destruction, or in accordance with plans approved by Landlord; provided, however, that if more than fifty percent (50%) of the Improvements are destroyed or are damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to complete the restoration, then Tenant, with the written consent of each Lender and Permitted Limited Partner, may terminate this Lease within thirty (30) days after the later of (i) the date of such damage or destruction, or (ii) the date on which Tenant is notified of the amount of insurance proceeds available for restoration. If Tenant is required or elects to restore the Improvements, then all proceeds of any policy of insurance required to be maintained by Tenant under this Lease will, subject to any applicable rights of Lenders and the Permitted Limited Partner, be used by Tenant for that purpose and Tenant will make up from its own funds or obtain additional financing as reasonably approved by Landlord any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost. If Tenant elects to terminate this Lease as provided under this Section 20.01, or elects not to restore the Improvements, then the insurance proceeds will be divided in the order set forth in Section 20.03.

20.02 Uninsured Casualty. If (i) more than fifty percent (50%) of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost to complete the restoration is not covered by insurance required to be carried under this Lease; and (ii) in the reasonable opinion of Tenant, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Tenant any feasible source of third party financing for restoration reasonably acceptable to Tenant; then Tenant may, with the written consent of each Lender and the Permitted Limited Partner, other than Landlord, terminate this Lease upon ninety (90) days written notice to Landlord. If it appears that the provisions of this Section 20.02 may apply to a particular event of damage or destruction, Tenant will notify Landlord promptly and not consent to any settlement or adjustment of an insurance award without Landlord's written approval, which approval will not be unreasonably withheld or delayed. If Tenant terminates this Lease under this Section 20.02, then all insurance proceeds and damages payable by reason of the casualty will be divided among Landlord, Tenant, and Lenders in accordance with the provisions of Section 20.03. If Tenant does not have the right, or elects not to exercise the right, to terminate this Lease as a result of an uninsured or underinsured casualty, then

Tenant will promptly commence and diligently complete the restoration of the Improvements as nearly as possible to their condition before the damage or destruction in accordance with the provisions of Section 20.01 and will, subject to any applicable rights of Lenders, be entitled to all available insurance proceeds to do so.

20.03 Distribution of the Insurance Proceeds. If Tenant elects to terminate and surrender as provided in either Sections 20.01 or 20.02, then the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder will be as follows:

- a) First to the Lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective Leasehold Mortgages and applicable Law;
- b) Second, at Landlord's election, to pay the actual cost of removing all debris from the Site and adjacent and underlying property, and for the actual cost of any work or service required by any Law, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;
- c) Third, to compensate Landlord for any diminution in the value (as of the date of the damage or destruction) of the Site caused by or arising from the damage or destruction; and
- d) The remainder to Tenant.

20.04 Clean-up of Housing Site. If Tenant terminates this Lease under the provisions of Sections 20.01 or 20.02, Tenant must, at Landlord's election, clean up and remove all debris from the Site and adjacent and underlying property and leave the Site in a clean and safe condition and in compliance with all Laws upon surrender, as described in Section 20.03(b). If the proceeds of any insurance policy are insufficient to pay the clean-up and other costs described in Section 20.03(b), then Tenant must pay the portion of the costs not covered by the insurance proceeds.

20.05 Waiver. Tenant and Landlord intend that this Lease fully govern all of their rights and obligations in the event of any damage or destruction of the Premises. Accordingly, Landlord and Tenant each hereby waive the provisions of Sections 1932(2), 1933(4), 1941 and 1942 of the California Civil Code, as such sections may from time to time be amended, replaced, or restated.

ARTICLE 21 DAMAGE TO PERSON OR PROPERTY; HAZARDOUS SUBSTANCES; INDEMNIFICATION

21.01 Damage to Person or Property—General Indemnification. Landlord will not in any event whatsoever be liable for any injury or damage to any person happening on or about the Site or Temporary Construction Access Area, for any injury or damage to the Premises or

Temporary Construction Access Area, or to any property of Tenant, or to any property of any other person, entity, or association on or about the Premises or Temporary Construction Access Area, unless: (a) during construction of the Project, arising from the active negligence, sole negligence, or willful misconduct of an Indemnified Party (as defined below); or (b) after construction of the Project, arising from the gross negligence or willful misconduct of an Indemnified Party (as defined below). To the fullest extent allowable by law, Tenant will defend, hold harmless, and indemnify Landlord and the City and County of San Francisco, including but not limited to their boards, commissions, commissioners, departments, agencies, and other subdivisions, officers, agents, invitees and employees (each, an “**Indemnified Party**” and collectively the “**Indemnified Parties**”), of and from all claims, loss, damage, injury, actions, causes of action, and liability of every kind, nature and description (collectively, “**Claims**”) incurred in connection with or directly or indirectly arising from the Site, Temporary Construction Access Area, this Lease, Tenant’s tenancy, its or their use of the Site, Temporary Construction Access Area, including adjoining sidewalks and streets, and any of its or their operations or activities thereon or connected thereto; all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that the indemnity is void or otherwise unenforceable under applicable Law in effect on or validly retroactive to the date of this Lease and further excepting only such Claims that are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing indemnity will include, without limitation, reasonable fees of attorneys, consultants, and experts and related costs and Landlord’s costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Landlord from any claim that actually or potentially falls within any indemnity provision set forth in this Lease even if such allegation is or may be groundless, fraudulent, or false, which obligation arises at the time such claim is tendered to Tenant by an Indemnified Party and continues at all times thereafter. Tenant’s obligations under this Article will survive the termination or expiration of this Lease.

21.02 Hazardous Substances—Indemnification.

a) Tenant will indemnify, defend, and hold the Indemnified Parties harmless from and against any and all Claims of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to violation of any Environmental Law, or any Release, threatened Release, and any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from the Site or Temporary Construction Access Area caused by Tenant, its employees, agents, affiliates, or contractors; provided, however, that this Section 21.02(a) shall not be deemed or construed to, and shall not impose any obligation on Tenant to indemnify and save harmless the Indemnified Parties from any Claim to the extent arising from or in any way related to or connected with any willful misconduct or gross negligence by any Indemnified Party occurring after the Effective Date. No Indemnified Party shall be entitled to indemnification under this Section for, and Tenant will have no liability for any Claims relating to a violation of, any Environmental Law, Release, or threatened Release, or arising out of any condition or action of pollution,

contamination or Hazardous Substance-related nuisance on, under or from the Site or Temporary Construction Access Area occurring prior to the Effective Date except for those contributed to or exacerbated by Tenant.

b) For purposes of this Section 21.02, the following definitions apply:

(i) **"Hazardous Substance"** has the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date of this Lease, 42 U.S.C. 9601(14), and in addition includes, without limitation, petroleum (including crude oil or any fraction thereof) and petroleum products, asbestos, asbestos- containing materials, polychlorinated biphenyls ("**PCBs**"), PCB- containing materials, all hazardous substances identified in the California Health & Safety Code 25316 and 25281(d), all chemicals listed under the California Health & Safety Code 25249.8, and any substance deemed a hazardous substance, hazardous material, hazardous waste, or contaminant under Environmental Law. The foregoing definition does not include substances that occur naturally on the Site or commercially reasonable amounts of hazardous materials used in the ordinary course of construction and operation of a mixed-use residential development, provided they are used and stored in accordance with all applicable Laws.

(ii) **"Environmental Law"** means all Laws governing hazardous waste, wastewater discharges, drinking water, air emissions, Hazardous Substance releases or reporting requirements, Hazardous Substance use or storage, and employee or community right-to-know requirements related to the work being performed under this Lease.

(iii) **"Release"** means any spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discharging of barrels, containers, and other closed receptacles containing any Hazardous Substance.

21.03 Exculpation and Waiver. Tenant, as a material part of the consideration to be rendered to Landlord, hereby waives any and all Claims against the Indemnified Parties related to this Lease including their rights or obligations as landlord under this Lease, including without limitation all Claims arising from the joint or concurrent, active or passive, negligence of the Indemnified Parties, but excluding any Claims caused solely by the Indemnified Parties' willful misconduct (including breach of this Lease) or active gross negligence. The Indemnified Parties will not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases the Indemnified Parties from all Claims against the Indemnified Parties related to this Lease including their rights or obligations as landlord under this Lease for, any injury, loss, or

damage to any person or property in or about the Premises or Temporary Construction Access Area by or from any cause whatsoever occurring on or after the Effective Date including, without limitation, (a) any act or omission of persons occupying adjoining premises or any part of the Premises adjacent to or connected with the Premises, (b) theft, (c) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (d) stopped, leaking, or defective building systems, (d) construction or site defects, (f) damages to goods, wares, goodwill, merchandise, equipment, or business opportunities, (g) Claims by persons in, upon or about the Premises or any other Landlord property for any cause arising at any time, (h) alleged facts or circumstances of the process or negotiations leading to this Lease before the Effective Date (other than with respect to any Environmental Law or Release); and (i) any other acts, omissions, or causes.

21.04 Tenant understands and expressly accepts and assumes the risk that any facts concerning the Claims released in this Lease might be found later to be other than or different from the facts now believed to be true and agrees that the releases in this Lease will remain effective. Therefore, with respect to the Claims released in this Lease, Tenant waives any rights or benefits provided by Section 1542 of the Civil Code, which reads 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.

Tenant initials ____

Tenant specifically acknowledges and confirms the validity of the release made above and the fact that Tenant was represented by counsel who explained the consequences of the release at the time this Lease was made, or that Tenant had the opportunity to consult with counsel, but declined to do so.

21.05 Insurance. The Indemnification requirements under this Lease, or any other agreement between OCII and Tenant, will in no way be limited by any insurance requirements under any such agreements.

21.06 Survival. The provisions of ARTICLE 21 will survive the expiration or earlier termination of this Lease.

ARTICLE 22 INSURANCE

22.01 Insurance. Subject to approval by OCII's Risk Manager of the insurers and policy forms, Tenant must obtain and maintain, or cause to be maintained, the insurance and bonds as set forth in Attachment 8 throughout the Term of this Lease at no expense to OCII.

ARTICLE 23 COMPLIANCE WITH SITE-RELATED AND LEGAL REQUIREMENTS

23.01 Compliance with Legal Requirements. From and after the Effective Date, Tenant will at its cost and expense, promptly comply with all applicable Laws now in force or that may later be in force, including, without limitation, the requirements of the fire department or other similar body now or later constituted and with any direction or occupancy certificate issued under any Law as any of them may relate to or affect the condition, use, or occupancy of the Site. If Tenant contests any of the foregoing, Tenant will not be obligated to comply therewith to the extent that the application of the contested Law is stayed by the operation of law or administrative or judicial order and Tenant indemnifies, defends, and holds harmless the Indemnified Parties against all Claims resulting from noncompliance.

23.02 Regulatory Approvals. Tenant understands and agrees that Landlord is entering into this Lease in its capacity as a landowner with a proprietary interest in the Site and not as a regulatory agency with certain police powers. Tenant understands and agrees that neither entry by Landlord into this Lease nor any approvals given by Landlord under this Lease will be deemed to imply that Tenant has thereby obtained any required approvals from City departments, boards, or commissions that have jurisdiction over the Premises. By entering into this Lease, Landlord is in no way modifying or limiting the obligations of Tenant to develop the Project in accordance with all Laws and as provided in this Lease.

Tenant understands that the construction of the Improvements on the Leasehold Estate and development of the Project will require approval, authorization, or permit by governmental agencies with jurisdiction. Tenant must use good faith efforts to obtain and will be solely responsible for obtaining any approvals required for the Project in the manner set forth in this Section. Throughout the permit process for any regulatory approvals, Tenant will consult and coordinate with Landlord in Tenant's efforts to obtain permits. Landlord will cooperate reasonably with Tenant in its efforts to obtain permits; provided, however, Tenant may not agree to the imposition of conditions or restrictions in connection with its efforts to obtain a permit from any other regulatory agency if Landlord is required to be a co-permittee under the permit or the conditions or restrictions could create any financial or other material obligations on the part of Landlord whether on or off of the Premises, unless in each instance Landlord has approved the conditions previously in writing and in Landlord's reasonable discretion. No approval by Landlord will limit Tenant's obligation to pay all the costs of complying with conditions under this Section. Tenant must bear all costs associated with applying for and obtaining any necessary regulatory approval, as well as any fines, penalties or corrective actions imposed as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval.

With Landlord's prior written consent, Tenant will have the right to appeal or contest any condition in any manner permitted by Law imposed upon any regulatory approval. In addition to any other indemnification provisions of this Lease, Tenant must indemnify, defend, and hold harmless Landlord and its commissioners, officers, agents or employees from and against any and all Claims that may arise in connection with Tenant's failure to obtain or comply with the terms and conditions of any regulatory approval or with the appeal or contest of any conditions of any regulatory approval, except to the extent damage arises out of the active gross negligence or willful misconduct of Landlord or its agents.

ARTICLE 24 ENTRY

24.01 Landlord reserves for itself and its authorized representatives (including MOHCD) the right to enter the Premises at all reasonable times during normal business hours upon not less than forty-eight (48) hours' written notice to Tenant (except in the event of an emergency), subject to the rights of the occupants, tenants, and others lawfully permitted on the Premises, for any of the following purposes:

- a) to determine whether the Premises is in good condition and to inspect the Premises (including soil borings or other Hazardous Substance investigations);
- b) to determine whether Tenant is in compliance with its Lease obligations and to cure or attempt to cure any Tenant default;
- c) to serve, post, or keep posted any notices required or allowed under any of the provisions of this Lease;
- d) to do any maintenance or repairs to the Premises that Landlord has the right or the obligation, if any, to perform hereunder; and
- e) to show the Premises to any prospective purchasers, brokers, Lenders, or public officials, or, during the last year of the Term of this Lease, exhibit the Premises to prospective tenants or other occupants, and to post any reasonable "for sale" or "for lease" signs in connection therewith.

24.02 In the event of any emergency, as reasonably determined by Landlord, at its sole option and without notice, Landlord may enter the Premises and alter or remove any Improvements or Tenant's personal property on or about the Premises as reasonably necessary, given the nature of the emergency. Landlord will have the right to use any and all means Landlord considers appropriate to gain access to any portion of the Premises in an emergency, in which case, Landlord will not be responsible for any damage or injury to any property, or for the replacement of any property, and no emergency entry may be deemed to be a forcible or unlawful entry onto or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

24.03 Landlord will not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry onto the Premises, except to the extent damage arises out of the active gross negligence or willful misconduct of Landlord or its agents. Landlord will be responsible for any losses resulting from its active gross negligence or willful misconduct and will repair any resulting damage promptly.

24.04 Tenant will not be entitled to any abatement in Annual Rent if Landlord exercises any rights reserved in this Section, subject to Section 24.03 above.

24.05 Landlord will use its reasonable good faith efforts to conduct any activities on the Premises allowed under this Section in a manner that, to the extent practicable, will minimize any disruption to Tenant's use of the Premises as permitted by this Lease.

ARTICLE 25 MORTGAGE FINANCING

25.01 No Encumbrances Except for Development Purposes. Notwithstanding any other provision of this Lease and subject to the prior written consent of Landlord in the form attached hereto as Attachment 3, which consent will not be unreasonably withheld, conditioned, or delayed, Leasehold Mortgages (and encumbrances related to such Leasehold Mortgages or required by Project lenders or equity investors, including, but not limited to use agreements and regulatory agreements) are permitted to be placed upon the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition of the Project; refinancing of financing used to acquire or rehabilitate the Project; design, construction, renovation, or reconstruction of the Improvements; and any other expenditures reasonably necessary and appropriate to acquire, own, develop, construct, renovate, or reconstruct the Improvements under this Lease and in connection with the operation of the Project; and costs and expenses incurred or to be incurred by Tenant in furtherance of the purposes of this Lease. OCII, acting solely in its capacity as landlord under this Lease, hereby acknowledges and accepts _____ (or the Fiscal Agent acting on its behalf pursuant to the tax-exempt loan to Tenant) as a Lender, and consents to the Leasehold Mortgage associated with Lender's construction loan to Tenant for the Project.

25.02 Holder Not Obligated to Construct. The holder of any mortgage, deed of trust, or other security interest authorized by Section 25.01 ("**Holder**" or "**Lender**"), including the successors or assigns of the Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; and no covenant or any other provision of this Lease may be construed to obligate the Holder. However, if the Holder undertakes to complete or guarantee the completion of the construction of the Improvements, nothing in this Lease will be deemed or construed to permit or authorize the Holder or its successors or assigns to devote the Premises or any portion thereof to any uses, or to construct any Improvements on the Site, other than those uses or Improvements authorized under Section 9.01 and the Declaration of Restrictions and any reasonable modifications in plans proposed by the Holder or its successors in interest proposed for the viability of the Project approved by Landlord in its reasonable discretion under Section 10.16. To the extent any Holder or its successors in interest wish to change such uses or

construct different improvements, Holder or its successors in interest must obtain the advance written consent of Landlord.

25.03 Failure of Holder to Complete Construction. In any case where six (6) months after assumption of obligations under Section 25.02 above, a Lender, having first exercised its option to complete the construction, has not proceeded diligently with completion of the construction, Landlord will have all the rights against the Holder it would otherwise have against Tenant under this Lease for events or failures occurring after such assumption; subject to any extensions of time granted under Section 10.16 of this Lease.

25.04 Default by Tenant and Landlord's Rights.

a) Right of Landlord to Cure a Default or Breach by Tenant under a Leasehold Mortgage. In the event of a default or breach by Tenant under any Leasehold Mortgage, and Tenant's failure to timely commence or diligently prosecute cure of such default or breach, Landlord may, at its option, cure such breach or default for the period of one hundred ten (110) days after the date that the Lender files a notice of default. In such event, Landlord will be entitled to reimbursement from Tenant of all costs and expenses reasonably incurred by Landlord in curing the default or breach. Landlord will also be entitled to a lien upon the Leasehold Estate or any portion thereof to the extent such costs and disbursements are not reimbursed by Tenant. Any such lien will be subject to the lien of any then-existing Leasehold Mortgage authorized by this Lease, including any lien contemplated because of advances yet to be made. After ninety (90) days following the date of Lender filing a notice of default and expiration of all applicable cure periods of Tenant under the terms of the applicable Loan Documents, Landlord will also have the right to assign Tenant's interest in the Lease to another entity, subject to all Lenders' and Permitted Limited Partner's written consent, and which consent may be conditioned, among other things, upon the assumption by such other entity of all obligations of the Tenant under the Leasehold Mortgage. After ninety (90) days following the date of Lender filing a notice of default and expiration of all applicable cure periods of Tenant under the terms of the applicable Loan Documents, Landlord will also have the right to assign Tenant's interest in the Lease to another entity, subject to all Lenders' and Permitted Limited Partner's written consent in the exercise of their sole and absolute discretion, and which consent may be conditioned, among other things, upon the assumption by such other entity of all obligations of the Tenant under the Leasehold Mortgage.

b) Notice of Default to Landlord. Tenant will use its best efforts to require Lender to give Landlord prompt written notice of any default or breach of the Leasehold Mortgage and each Leasehold Mortgage will provide for that notice to Landlord and contain Landlord's right to cure as above set forth.

25.05 Cost of Mortgage Loans to be Paid by Tenant. Tenant covenants and affirms that it will bear all of the costs and expenses in connection with (a) the preparation and securing of any Leasehold Mortgage, (b) the delivery of any instruments and documents and their filing and

recording, if required, and (c) all taxes and charges payable in connection with any Leasehold Mortgage.

ARTICLE 26 PROTECTION OF LENDER

26.01 Notification to Landlord. Promptly upon the creation of any Leasehold Mortgage and as a condition precedent to the existence of any of the rights set forth in this ARTICLE 26, Tenant will cause each Lender to give written notice to Landlord of the Lender's address and of the existence and nature of its Leasehold Mortgage. Execution of Attachment 3 will constitute Landlord's acknowledgement of Lender's having given such notice as is required to obtain the rights and protections of a Lender under this Lease. Landlord hereby acknowledges that _____ (or the Fiscal Agent acting on its behalf pursuant to the tax-exempt loan to Tenant) is the First Mortgage Lender and is deemed to have given such written notice as First Mortgage Lender and Attachment 3 is not required.

26.02 Lender's Rights to Prevent Termination. Each Lender has the right, but not the obligation, at any time before termination of this Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due under this Lease, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant or necessary and proper to be done in the performance and observance of the agreements, covenants and conditions of this Lease to prevent a termination of this Lease to the same effect as if the same had been made, done, and performed by Tenant instead of by Lender.

26.03 Lender's Rights When Tenant Defaults. If any event of default under this Lease occurs and is continuing, and is not cured within the applicable cure period, Landlord will not terminate this Lease or exercise any other remedy unless it first gives written notice of the event of default to Lender, and:

a) If the event of default is a failure to pay a monetary obligation of Tenant (not including any of Tenant's indemnification obligations under this Lease (the "**Indemnification Obligations**")), Lender fails to cure such default within sixty (60) days from the date of written notice from Landlord to Lender to cure the default; or

b) If the event of default is not a failure to pay a monetary obligation of Tenant, Lender fails, within sixty (60) days of receipt of the written notice, to either (a) remedy such default; or (b) obtain title to the Leasehold Estate and Improvements in lieu of foreclosure; or (c) commence foreclosure or other appropriate proceedings in the nature thereof (including the appointment of a receiver) and thereafter diligently prosecute such proceedings to completion, in which case such event of default will be remedied or deemed remedied in accordance with Section 26.04 below.

c) All rights of Landlord to terminate this Lease as the result of the occurrence of any uncured event of default is subject to, and conditioned upon, Landlord having first given Lender written notice of the event of default and Lender having failed to

remedy such default or acquire Tenant's Leasehold Estate or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in and within the time specified by this Section 26.03, and upon the Permitted Limited Partners having failed to proceed as permitted under Sections 19.04(b) or 26.06(b).

26.04 Default That Cannot be Remedied by Lender. Any event of default under this Lease that in the nature thereof cannot be remedied by Lender will be deemed to be remedied as it pertains to Lender or any Subsequent Owner if (a) within sixty (60) days (and as may be extended in the OCII Executive Director's discretion) after receiving notice from Landlord setting forth the nature of such event of default, Lender has acquired the Leasehold Estate and Improvements or has commenced foreclosure or other appropriate proceedings in the nature of foreclosure, (b) Lender is diligently prosecuting any such proceedings to completion, (c) Lender has fully cured any event of default arising from failure to pay or perform any monetary obligation (other than the Indemnification Obligations) in accordance with Section 26.03, and (d) after gaining possession of the Improvements, Lender diligently proceeds to perform all other obligations of Tenant as and when due in accordance with the terms of this Lease. Notwithstanding anything to the contrary contained elsewhere herein, in no event shall any Lender have the obligation, or be required, as a condition to preventing the termination of this Ground Lease, as a condition to obtaining a new lease or otherwise, to cure any breach by Tenant of its obligation, under Article 25.04 of this Ground Lease, to reimburse Landlord for all costs, expenses, advances and disbursements made or incurred by Landlord in connection with its cure of any breach of default under any Leasehold Mortgage (and all such breaches shall automatically be deemed cured upon a foreclosure under any Leasehold Mortgage (or acceptance of a deed in lieu thereof).

26.05 Court Action Preventing Foreclosure. If Lender is prohibited by any process or injunction issued by any court or because of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature of foreclosure, the times specified in Sections 26.03 and 26.04 above for commencing or prosecuting such foreclosure or other proceedings will be extended for the period of such prohibition. If this Lease is terminated for any reason or rejected by Tenant in bankruptcy, then Landlord agrees to enter into a new ground lease with the Lender on the same terms set forth in this Lease, and said new lease shall be afforded a priority equal to the recording priority of this Lease. For purpose of this Article, if there is more than one Lender, Landlord will offer the new lease to each Lender in the order of priority until accepted.

26.06 Lender's Rights to Record, Foreclose, and Assign. Landlord hereby agrees with respect to any Leasehold Mortgage, that:

a) the Lender may cause its Leasehold Mortgage to be recorded and enforced, and upon foreclosure, sell and assign the Leasehold Estate to an assignee from whom it may accept a purchase price; provided however that: (a) except with respect to affiliates of a Lender, Lender obtains prior written approval from Landlord with respect to the selection of the assignee, which approval shall not be unreasonably withheld,

conditioned or delayed; and (b) the proposed assignee maintains the use restrictions of Section 9.02 and is controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code such that the Premises would, if leased by such entity, receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code. Lender, furthermore, may acquire title to the Leasehold Estate in any lawful way, and if the Lender, or an affiliate, shall become the assignee, then Lender (or affiliate) may sell and assign said Leasehold Estate subject to Landlord approval as to assignee or purchaser, which shall not be unreasonably withheld, conditioned or delayed and to Landlord's cure rights under Section 25.04. The foreclosure of the Leasehold Mortgage shall not constitute an Event of Default hereunder.

b) each Subsequent Owner must take the Leasehold Estate subject to all of the provisions of this Lease, and except as provided elsewhere in this Lease, must assume all of the obligations of Tenant under this Lease for so long as it is the owner of the Leasehold Estate;

c) Landlord will mail or deliver to any Lender that has an outstanding Leasehold Mortgage a duplicate copy of all notices that Landlord may give to Tenant under this Lease; and

d) any Permitted Limited Partners of Tenant will have the same rights as any Lender under Sections 26.02, 26.03, and 26.06(c), and any reference to a Lender in those sections will be deemed to include the Permitted Limited Partners; provided, however, that the rights of the Permitted Limited Partners are subordinate to the rights of any Lender.

26.07 Lease Rent after Lender Foreclosure or Assignment. Upon foreclosure of a Leasehold Mortgage or assignment of the Leasehold Estate in lieu of such foreclosure, (i) any accrued Annual Rent at the time of foreclosure will be forgiven by Landlord, and will not be an obligation of the Lender, its assignee, or the Subsequent Owner; and (ii) for so long as the Project is operated in accordance with the use and occupancy restrictions of ARTICLE 9, Annual Rent shall be set as follows:

a) The obligations of any Subsequent Owner other than a Lender (or its affiliate) for payment of Annual Rent shall be as set forth in ARTICLE 4;

b) A Lender (or the affiliate of a Lender) who acquires the Leasehold Estate as a result of foreclosure of a Leasehold Mortgage or assignment of the Leasehold Estate in lieu of such foreclosure shall pay Annual Rent as follows:

(i) For 180 days after foreclosure of a Leasehold Mortgage or assignment of the Leasehold Estate in lieu of such foreclosure, the

obligations for payment of Annual Rent of the Lender (or such affiliate) shall be as set forth in ARTICLE 4;

(ii) If, within 180 days after foreclosure of a Leasehold Mortgage or assignment of the Leasehold Estate in lieu of such foreclosure: (a) the Lender (or such affiliate) identifies as a potential assignee of the Leasehold Estate an entity that is controlled by, or includes a partner or member which is, a California nonprofit public benefit corporation that is exempt from tax under Section 501(c)(3) of the Internal Revenue Code such that the Leasehold Estate would, if leased by such entity, receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code, (b) Landlord has approved such entity (which approval shall not be unreasonably withheld, conditioned or delayed), and (3) Lender (or its affiliate) is engaged, diligently and in good faith, in negotiations with such entity for assignment of the Leasehold Estate, then, if requested by Lender, the obligations for payment of Annual Rent of the Lender (or such affiliate) shall continue to be as set forth in ARTICLE 4 for an additional sixty (60) days after the end of the one- hundred eighty (180) day period set forth in 26.07(ii)(B)(1) above;

(iii) From and after the date that Lender (or its affiliate) no longer qualifies under paragraph (1) or paragraph (2) of this Section 26.07(ii)(B), Base Rent shall accrue and shall be payable by Lender (or such affiliate) in arrears on each January 31st in accordance with Section 4.02; provided, however, that payment of Base Rent thus accrued may, at the option of the Lender (or such affiliate), be deferred, with simple interest at six percent (6%) per annum until paid, until the first to occur of (x) assignment of the Leasehold Estate to a Subsequent Owner or (y) the date that is sixty days after the termination of this Lease.

26.08 Permitted Uses After Lender Foreclosure. Notwithstanding the above, in the event of a foreclosure and transfer to a Subsequent Owner, the Premises must be operated in accordance with the Declaration of Restrictions and Section 9.01 of this Lease, and in accordance with those uses specified in the schematic designs and final construction documents approved by OCII and the building permit, with all addenda, as approved by the City's Department of Building Inspection, and any reasonable modifications in plans proposed by the Subsequent Owner or its successors in interest for the viability of the Project approved by Landlord in its reasonable discretion under Section 10.16.

26.09 Preservation of Leasehold Benefits. Until such time as a Lender notifies Landlord in writing that the obligations of the Tenant under its Loan Documents have been satisfied, Landlord agrees:

a) That subject to Section 19.03(b) Landlord will not voluntarily cancel or surrender this Lease, or accept a voluntary cancellation or surrender of this Lease by Tenant, or amend this Lease to materially increase the obligations of the Tenant or the rights of Landlord under this Lease or alter the rights and protections of Lender, without the prior written consent of the Lender (which may not be unreasonably withheld or delayed);

b) That Landlord will not enforce against a Lender any waiver or election made by the Tenant under this Lease that has a material adverse effect on the value of the Leasehold Estate without the prior written consent of the Lender (which will not be unreasonably withheld or delayed);

c) That, if a Lender makes written request to Landlord for a new ground lease within fifteen (15) days after Lender receives written notice of termination of this Lease, then Landlord will enter a new ground lease with the Lender commencing on the date of termination of this Lease and ending on the normal expiration date of this Lease, on substantially the same terms and conditions as this Lease and subject to the rent provisions set forth in Section 26.07, and with the same priority as against any subleases or other interests in the Premises; so long as the Lender cures all unpaid monetary defaults under this Lease (other than the Indemnification Obligations), through the date of such termination;

d) That Landlord will provide reasonable prior notice to each Lender of any proceedings for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit each Lender to participate the proceedings as an interested party.

26.10 No Merger. The Leasehold Estate will not merge with the fee interest in the Site, notwithstanding ownership of the leasehold and the fee by the same person, without the prior written consent of each Lender.

26.11 Landlord Bankruptcy.

a) If a bankruptcy proceeding is filed by or against Landlord, Landlord will immediately notify each Lender of the filing and will deliver a copy of all notices, pleadings, schedules, and similar materials regarding the bankruptcy proceedings to each Lender.

b) Landlord acknowledges that: (i) the Tenant seeks to construct improvements on the Leasehold Estate using proceeds of the loans provided by the Lenders, and (ii) it would be unfair to both the Tenant and the Lenders to sell the Site free and clear of the Leasehold Estate. Therefore, Landlord waives its right, under section 363(f) of the Bankruptcy Code, to sell Landlord's fee interest in the Site free and clear of the Leasehold Estate.

c) If a bankruptcy proceeding is filed by or on behalf of Landlord, Landlord agrees as follows:

- (i) the Tenant will be presumed to have objected to any attempt by Landlord to sell the fee interest free and clear of the Leasehold Estate;
- (ii) if Tenant does not so object, each Lender will have the right to so object on its own behalf or on behalf of the Tenant; and
- (iii) in connection with any such sale, the Tenant will not be deemed to have received adequate protection under section 363(e) of the Bankruptcy Code, unless it has received and paid to each Lender the outstanding balance under its respective loan.

d) Landlord recognizes that the Lenders are authorized on behalf of the Tenant to vote, participate in, or consent to any bankruptcy, insolvency, receivership, or court proceeding concerning the Leasehold Estate.

26.12 Encumbrance of Landlord's Interest. Landlord shall not voluntarily encumber Landlord's interest in the Site with a foreclosable mortgage or similar interest without the prior written consent of Tenant, Permitted Limited Partners and all Lenders.

ARTICLE 27 CONDEMNATION AND TAKINGS

27.01 Parties' Rights and Obligations to be Governed by Agreement. If, during the term of this Lease, there is any condemnation of all or any part of the Premises or any interest in the Leasehold Estate is taken by condemnation, the rights and obligations of the parties will be determined under this ARTICLE 27, subject to the rights of any Lender. Accordingly, Tenant waives any right to terminate this Lease upon the occurrence of a partial condemnation under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure, as those sections may from time to time be amended, replaced, or restated.

27.02 Notice. In case of the commencement of any proceedings or negotiations that might result in a condemnation of all or any portion of the Premises during the Term, the party learning of such proceedings will promptly give written notice of the proceedings or negotiations to the other party. The notice will describe with as much specificity as is reasonable, the nature and extent of such condemnation or the nature of such proceedings or negotiations and of the condemnation that might result, as the case may be.

27.03 Total Taking. If the Project is totally taken by condemnation, this Lease will terminate on the date the condemnor has the right to possession of the Site.

27.04 Partial Taking. If any portion of the Project is taken by condemnation, this Lease will remain in effect, except that Tenant may, with Lender's written consent, elect to terminate

this Lease if, in Tenant's reasonable judgment, the remaining portion of the Improvements is rendered unsuitable for Tenant's continued operation of the Project. If Tenant elects to terminate this Lease, Tenant must exercise its right to terminate under this paragraph by giving notice to Landlord within thirty (30) days after Landlord notifies Tenant of the nature and the extent of the taking. Tenant's termination notice must include the date of termination, which date may not be earlier than thirty (30) days or later than six (6) months after the date of Tenant's notice; except that this Lease will terminate on the date the condemnor has the right to possession of the Project if that date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Lease within the thirty (30) day notice period, this Lease will continue in full force and effect.

27.05 Effect on Rent. If any portion of the Project is taken by condemnation and this Lease remains in full force and effect, then on the date of taking the rent will be reduced by an amount that is in the same ratio to the rent as the value of the area of the portion of the Improvements taken bears to the total value of the Improvements immediately before the date of the taking.

27.06 Restoration of Improvements. If there is a partial taking of the Project and this Lease remains in full force and effect under Section 27.04, then Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Improvements.

27.07 Award and Distribution. Any compensation awarded, paid, or received on a total or partial condemnation of the Project or threat of condemnation of the Project will belong to and be distributed in the following order:

- a) First, to pay the balance due on any outstanding Leasehold Mortgages and other outstanding or unpaid obligations and/or liabilities, including but not limited to, trade accounts, taxes, payroll accruals, and lease residuals, to the extent provided therein; and
- b) Second, to the Tenant in an amount equal to the then fair market value of Tenant's interest in the Project, such value to be determined as it existed immediately preceding the earliest taking or threat of taking of the Site; and;
- c) Third, to Landlord.
- d) Notwithstanding anything to the contrary set forth in this Section, any portion of the compensation awarded that has been specifically designated by the condemning authority or in the judgment of any court to be payable to Landlord or Tenant on account of any interest in the Premises or the Improvements separate and apart from the condemned land value, the value of Landlord's reversionary interest in the Improvements, Tenant's Leasehold Estate, or the value of the Improvements on the Premises for the

remaining unexpired portion of the Term, will be paid to Landlord or Tenant, as applicable, as so designated by the condemning authority or judgment.

27.08 Payment to Lenders. In the event the Improvements are subject to the lien of a Leasehold Mortgage on the date when any compensation resulting from a condemnation or threatened condemnation is to be paid to Tenant, the award will be disposed of as provided in the Leasehold Mortgages.

27.09 Temporary Condemnation. If there is a condemnation of all or any portion of the Premises for a temporary period lasting less than the remaining Term, this Lease will remain in full force and effect, there will be no abatement of Rent, and the entire award will be payable to Tenant.

27.10 Personal Property; Goodwill. Notwithstanding Section 27.07, Landlord will not be entitled to any portion of any award payable in connection with the condemnation of the Personal Property of Tenant or any of its subtenants, or any moving expenses, loss of goodwill or business loss or interruption of Tenant, severance damages with respect to any portion of the Premises and Improvements remaining under this Lease, or other damages suffered by Tenant.

ARTICLE 28 ESTOPPEL CERTIFICATE

Landlord or Tenant, as the case may be, will execute, acknowledge, and deliver to the other and/or any Lender or a Permitted Limited Partner, promptly upon request, its certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which rent has been paid, (c) whether there are then existing any charges, offsets, or defenses against the enforcement by Landlord or Tenant to be performed or observed and, if so, specifying them, and (d) whether there are then existing any defaults by Tenant or Landlord in the performance or observance by Tenant or Landlord of any agreement, covenant, or condition on the part of Tenant or Landlord to be performed or observed under this Lease, and whether any notice has been given to Tenant or Landlord of any default that has not been cured and, if so, specifying the uncured default. Within ten (10) days following Tenant's request, Landlord shall deliver to Tenant an estoppel certificate in the form attached hereto as Attachment 10.

ARTICLE 29 SURRENDER AND QUITCLAIM

29.01 Surrender.

a) Upon expiration or earlier termination of this Lease, Tenant will surrender to Landlord the Project in good order, condition, and repair (except for ordinary wear and tear occurring after the last necessary maintenance made by Tenant and except for Casualty or Condemnation as described in ARTICLE 20 and ARTICLE 27). Ordinary wear and tear will not include any damage or deterioration that would have been prevented by proper maintenance by Tenant, or Tenant otherwise performing all of its obligations

under this Lease. The Premises must be surrendered clean, free of debris, waste, and Hazardous Substances, and free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this Lease and any other encumbrances created or approved in writing by Landlord. On or before the expiration or earlier termination of this Lease, Tenant at its sole cost will remove from the Premises, and repair any damage caused by removal of, Personal Property, including any signage. Improvements and Changes will remain in the Premises as Landlord property and title to the Improvements and any Changes will be conveyed to Landlord as provided in ARTICLE 13 above.

b) If the Project is not surrendered at the end of the Term or sooner termination of this Lease, and in accordance with the provisions of this ARTICLE 29, Tenant will continue to be responsible for the payment of Annual Rent until the Project is surrendered in accordance with this ARTICLE 29, and Tenant will indemnify, defend and hold harmless the Indemnified Parties from and against any and all Claims resulting from delay by Tenant in so surrendering the Project including, without limitation, any costs of Landlord to obtain possession of the Project; any loss or liability resulting from any Claim against Landlord made by any succeeding tenant or prospective tenant founded on or resulting from such delay and losses to Landlord due to lost opportunities to lease any portion of the Project or the Site to any such succeeding tenant or prospective tenant, together with, in each instance, reasonable attorneys' fees and costs.

c) No act or conduct of Landlord, including, but not limited to, the acceptance of the keys to the Project, will constitute an acceptance of the surrender of the Project by Tenant before the expiration of the Term. Only a written notice from Landlord to Tenant confirming termination of this Lease and surrender of the Project by Tenant will constitute acceptance of the surrender of the Project and accomplish a termination of this Lease.

29.02 Quitclaim. Upon the expiration or earlier termination of this Lease, the Project will automatically, and without further act or conveyance on the part of Tenant or Landlord, become the property of Landlord, free and clear of all liens and without payment therefore by Landlord, as provided in ARTICLE 13. Upon expiration or sooner termination of this Lease, Tenant must surrender the Project to Landlord and, at Landlord's request, will execute, acknowledge, and deliver to Landlord a good and sufficient quitclaim deed with respect to any interest of Tenant in the Premises.

29.03 Abandoned Property. Any items, including Personal Property, not removed by Tenant will be deemed abandoned. Landlord may retain, store, remove, and sell or otherwise dispose of abandoned Personal Property, and Tenant waives all Claims against Landlord for any damages resulting from Landlord's retention, removal, and disposition of abandoned Personal Property; provided, however, that Tenant will be liable to Landlord for all costs incurred in storing, removing, and disposing of abandoned Personal Property and repairing any damage to the Premises resulting from its removal. Tenant agrees that Landlord may elect to sell abandoned Personal Property and offset against the sales proceeds Landlord's storage, removal, and

disposition costs without notice to Tenant or otherwise according to the procedures set forth in California Civil Code Section 1993, the benefits of which Tenant waives.

29.04 Survival. Tenant's obligation under this ARTICLE 29 will survive the expiration or earlier termination of this Lease.

ARTICLE 30 EQUAL OPPORTUNITY

Tenant agrees to comply with OCII's Equal Opportunity Program as described in Attachment 9 and will submit all documents required pursuant to the policies included in Attachment 9.

ARTICLE 31 OCII LABOR STANDARDS PROVISIONS

California Labor Code Section 1720 *et seq.* requires payment of prevailing wages for developments paid for in whole or in part out of public funds. Although the Parties acknowledge that the development of the Project is a private work of improvement, Tenant further acknowledges that the Project may be subject to Labor Code requirements. Tenant agrees to pay or cause to be paid prevailing rates of wages in accordance with the requirements set forth in Attachment 9-3 and to comply with applicable provisions of the Labor Code.

ARTICLE 32 OCII MINIMUM COMPENSATION AND HEALTH CARE ACCOUNTABILITY POLICY

OCII finds that it has a significant proprietary interest in the public parcel that is being leased to the Tenant pursuant to this Lease. Tenant agrees that the Tenant and its subtenants, if any, will comply with the applicable provisions of OCII's Health Care Accountability Policy, Attachment 9-5, and Minimum Compensation Policy, Attachment 9-6, and, adopted by Agency Resolution No. 168-2001 on September 25, 2001, as these policies may be amended from time to time (jointly in this Article, the "Policies"). Notwithstanding this requirement, the Parties recognize that the residential housing component of the Improvements is not subject to the Policies, but leasing and operations of any Non-residential Space is subject to the Policies (the Parties acknowledge that no Non-residential Space is proposed).

ARTICLE 33 OCII PREFERENCE PROGRAMS

To the extent permitted by applicable Law and non-OCII funding approved by OCII for the Project, Tenant agrees to comply with the requirements of OCII's current housing preference programs, as amended from time to time.

ARTICLE 34 CONFLICT OF INTEREST

No commissioner, official, or employee of OCII may have any personal or financial interest, direct or indirect, in this Lease, and any such commissioner, official, or employee may not

participate in any decision relating to this Lease that affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested.

ARTICLE 35 NO PERSONAL LIABILITY

No commissioner, official, or employee of OCII will be personally liable to Tenant or any successor in interest in the event of any default or breach by Landlord or for any amount that may become due to Tenant or its successors or on any obligations under the terms of this Lease.

ARTICLE 36 ENERGY CONSERVATION

Tenant agrees that it will use its best efforts to maximize provision of, and incorporation of, both energy conservation techniques and systems and improved waste-handling methodology in the construction of the Improvements.

ARTICLE 37 WAIVER

The waiver by Landlord or Tenant of any term, covenant, agreement or condition in this Lease will not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement, or condition in this Lease, and no custom or practice that may grow up between the parties in the administration of this Lease may be construed to waive or to lessen the right of Landlord or Tenant to insist upon the performance by the other in strict accordance with its terms. The subsequent acceptance of rent or any other sum by Landlord will not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, agreement, or condition of this Lease, other than the failure of Tenant to pay the particular rent or other sum accepted, regardless of Landlord's knowledge of the preceding breach at the time of acceptance of such rent or other sum. Any waiver by Landlord of any term or provision of this Lease must be in writing.

ARTICLE 38 TENANT RECORDS

Upon reasonable notice during normal business hours, and as often as Landlord may deem necessary, Tenant will make available to Landlord and its authorized representatives for examination all records, reports, data, and information made or kept by Tenant regarding its activities or operations on the Site for a period of four years from the date of the termination of the Agreement; except that records that are the subject of audit findings shall be retained for four years or until such audit findings have been resolved, whichever is later. Nothing contained in this Lease will entitle Landlord to inspect personal histories of residents or lists of donors or supporters. To the extent that it is permitted by Law to do so, Landlord will respect the confidentiality requirements of Tenant in regard to the lists above of the names of Residential Occupants of the Premises furnished by Tenant under to ARTICLE 7 above.

ARTICLE 39 NOTICES AND CONSENTS

All notices, demands, consents, or approvals that may be given or are required to be given by either party to the other under this Lease must be in writing and will be deemed to have been fully given when delivered in person to such representatives of the Tenant and Landlord, or when deposited in the United States mail, certified, postage prepaid, or by express delivery service with a delivery receipt and addressed as follows:

if to Tenant at:	Transbay 2 Family, L.P. c/o Mercy Housing Calwest 1256 Market Street San Francisco, CA 94102 Attn: President
With a copy to:	Gubb & Barshay LLP 235 Montgomery Street, Suite 1110 San Francisco, CA 94104 Attn: [...]
if to Landlord at:	Successor Agency to the Redevelopment Agency of the City and County of San Francisco One South Van Ness Avenue, 5 th Floor San Francisco, California 94103 Attention: Executive Director
with a copy to:	Mayor's Office of Housing and Community Development One South Van Ness Avenue, 5 th Floor San Francisco, California 94103 Attention: Director
if to Investor Limited Partner:	

With a copy to:

or to such other address with respect to either party as that party may from time to time designate by notice to the other given under the provisions of this ARTICLE 39. Any notice given under this ARTICLE 39 will be effective on the date of delivery or the date delivery is refused as shown on the delivery receipt. Courtesy copies of notices may be delivered by email.

ARTICLE 40 HEADINGS

Any titles of the paragraphs, articles, and sections of this Lease are inserted for convenience only and will be disregarded in construing or interpreting any of its provisions. "Paragraph," "article," and "section" may be used interchangeably.

ARTICLE 41 SUCCESSORS AND ASSIGNS

This Lease will be binding upon and inure to the benefit of the successors and assigns of Landlord and Tenant and where the term "Tenant" or "Landlord" is used in this Lease, it means and includes their respective successors and assigns; provided, however, that Landlord will have no obligation under this Lease to, and no benefit of this Lease will accrue to, any unapproved successor or assign of Tenant where Landlord approval of a successor or assign is required by this Lease. If and when Landlord sells the Site to any third party, Landlord will require such third party to assume all of Landlord's obligations under this Lease arising on and after the transfer in writing for the benefit Tenant and its successors and assigns.

ARTICLE 42 TIME

Time is of the essence in the enforcement of the terms and conditions of this Lease. References to days, months and years mean calendar days, months and years unless otherwise specified.

ARTICLE 43 PARTIAL INVALIDITY

If any provisions of this Lease are determined to be illegal or unenforceable, that determination will not affect any other provision of this Lease and all the other provisions of this Lease will remain in full force and effect.

ARTICLE 44 APPLICABLE LAW; NO THIRD PARTY BENEFICIARY

This Lease is governed by and construed under the laws of the State of California. This Lease is entered into solely among, between, and for the benefit of, and may be enforced only by, the parties hereto and does not create rights in any other third party.

ARTICLE 45 ATTORNEYS' FEES

If either Landlord or Tenant fails to perform any of its obligations under this Lease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting party or the non-prevailing party in such dispute, as the case may be, will pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights under this Lease (whether or not such action is prosecuted to a judgment). For purposes of this Lease, reasonable attorneys' fees of OCII or the City's Office of the City Attorney will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which

the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by OCII or the Office of the City Attorney. The term "attorneys' fees" also includes, without limitation, all such fees incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which the fees were incurred. The term "costs" means the costs and expenses of counsel to the parties, which may include printing, duplicating, and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

ARTICLE 46 EXECUTION IN COUNTERPARTS

This Lease and any memorandum hereof may be executed in counterparts, each of which will be considered an original, and all of which will constitute one and the same instrument.

ARTICLE 47 BROKERS

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Lease contemplated herein. If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, the party through whom the broker or finder makes a claim will be responsible for such commission or fee and will indemnify, defend and hold harmless the other party from any and all Claims. The provisions of this Section shall survive any termination of this Lease.

ARTICLE 48 RECORDATION OF MEMORANDUM OF GROUND LEASE

This Lease may not be recorded, but a memorandum of this Lease will be recorded in the form attached hereto as Attachment 5 ("**Memorandum of Ground Lease**"). The parties will execute the memorandum in form and substance as required by a title insurance company insuring Tenant's leasehold estate or the interest of any Leasehold Mortgagee, and sufficient to give constructive notice of the Lease to subsequent purchasers and mortgagees.

ARTICLE 49 TEMPORARY PERMISSION TO ENTER AND USE FUTURE CLEMENTINA STREET

49.01 Permission to Enter. Landlord hereby grants to Tenant a non-exclusive license to enter and use for construction staging Landlord's property adjacent to the Site, as more particularly shown in Attachment 13 (the "**Temporary Construction Access Area**"), subject to terms and conditions consistent with applicable provisions of this Lease and as may be further modified in the sole discretion of the Executive Director in a permit to enter ("**Temporary License**").

49.02 Nature of Permission. The Temporary License is non-exclusive and is subject to the rights of ingress and egress by the Successor Agency and the Indemnified Parties who are authorized to access the Temporary Construction Access Area.

49.03 Permitted Uses. Tenant, its employees, invitees, subpermittees and subcontractors (collectively, "**Tenant Parties**") shall use the Permit Area for construction staging activities. Tenant acknowledges that ECLP, its invitees and members of the public may be engaged in uses immediately adjacent to the Temporary Construction Access Area, and Tenant shall ensure that the Tenant Parties take reasonable measures to minimize disturbance to such uses. As so limited, the uses described in this Section 49.03 are the "**Permitted Temporary Access Uses.**" No uses other than those specifically stated in this ARTICLE 49 are authorized on the Temporary Construction Access Area.

49.04 Time of Entry; Duration. Entry may commence at 7:00 a.m. upon the date of the Notice to Proceed, and shall terminate upon the earlier of: (i) termination of this Lease or (ii) termination by Landlord providing 14 days' advanced written notice of termination of this Temporary License to Tenant.

49.05 Tenant's Covenants. Tenant acknowledges and agrees that its and Tenant Parties' access to and use of the Temporary Construction Access Area are strictly subject to the provisions of this Lease (whether or not the Temporary Construction Access Area is specifically referenced in a particular provision), including without limitation, Article 6 (Tenant Covenants), Article 8 (As-Is Acceptance), Article 17 (Maintenance), Article 18 (Liens), Article 21 (Damage to Person or Property; Hazardous Substances; Indemnification) and Article 50 (Survival).

ARTICLE 50 SURVIVAL

Termination or expiration of this Lease will not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease, the ability to collect any damages or sums due, and it will not affect any provision of this Lease that expressly states it will survive termination or expiration of this Lease.

ARTICLE 51 TRANSFER OF PARTNERSHIP INTERESTS IN TENANT

Tenant may not cause or permit any voluntary transfer, assignment, or encumbrance of its interest in the Site or Project or of any ownership interests in Tenant, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases, or occupancy agreements to Residential Occupants; or (b) security interests for the benefit of lenders securing loans for the Project as approved by Landlord on terms and in amounts as approved by Landlord in its reasonable discretion, (c) transfers from Tenant to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Tenant or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity; (d) transfers of the general partnership or manager's interest in Tenant to a nonprofit public benefit corporation approved in advance by Landlord; (e) transfers of any limited partnership or membership interest in Tenant to an investor under the tax credit syndication of the Project and

transfers of any limited partner interest in Tenant to affiliates of the Permitted Limited Partner in accordance with the terms of the Tenant's partnership agreement; (f) any transfers by foreclosure or deed in lieu of foreclosure consistent with this Agreement; or (g) the grant or exercise of an option agreement or right of first refusal between Tenant and Tenant's general partner(s) or manager or any of their respective affiliates in connection with the tax credit syndication of the Project where such agreement has been previously approved in writing by Landlord. Further, the Landlord shall not unreasonably delay consent to approval or replacement of a general partner by the Permitted Limited Partner due to a default by a general partner as provided in Tenant's partnership agreement. Any other transfer, assignment, encumbrance, or lease without Landlord's prior written consent will be voidable and, at Landlord's election, constitute a default under this Agreement. Landlord's consent to any specific assignment, encumbrance, lease, or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of Landlord's rights under this Lease.

ARTICLE 52 CITY PROVISIONS

Upon transfer of the Site and assignment of the rights and obligations of this Lease under Section 14.02 herein, Tenant is required to comply with the provisions set out in Attachment 7 to this Lease. At that time, any conflict between such provisions and those of this Lease shall be resolved in favor of the provisions contained in Attachment 7.

ARTICLE 53 COMPLETE AGREEMENT

There are no oral agreements between Tenant and Landlord affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings between Tenant and Landlord with respect to the lease of the Site.

ARTICLE 54 AMENDMENTS

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged, or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought (including, if applicable, the Permitted Limited Partner(s) and/or the Lender). No waiver of any breach will affect or alter this Lease, but each and every term, covenant, and condition of this Lease will continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Any amendments or modifications to this Lease (including the Declaration of Public Access Restrictions), including, without limitation, amendments to or modifications to the attachments to this Lease, will be subject to the mutual written agreement of Landlord and Tenant, and Landlord's agreement may be made upon the sole approval of OCII's Executive Director, or his or her designee; provided, however, material amendments, or modifications to this Lease (a) changing the legal description of the Site, (b) increasing the Term beyond than provided in ARTICLE 2, (c) increasing the Rent, (d) changing the general use of the Project from the use authorized under this Lease, and (e) any other amendment or modification which materially increases Landlord's liabilities or financial

obligations under this Lease will additionally require the approval of the Commission on Community Investment and Infrastructure.

ARTICLE 55 ATTACHMENTS

The following are attached to this Lease and by this reference made a part hereof:

1. Legal Description of Site
2. Schedule of Performance
3. Consent to Leasehold Mortgage
4. Operational Rules for San Francisco Housing Lotteries and Rental Lease-Up Activities
5. Form of Memorandum of Ground Lease
6. Form of Income Certification Form
7. City Contract Provisions Applicable Upon Assignment
8. Insurance Requirements
9. Contract Compliance Policies
 - 9-1. Small Business Enterprise Agreement
 - 9-2. Construction Workforce Agreement
 - 9-3. Prevailing Wage Policy
 - 9-4. Nondiscrimination in Contracts and Benefits
 - 9-5. Health Care Accountability Policy Declaration
 - 9-6. Minimum Compensation Policy Declaration
10. Landlord Estoppel Certificate
11. Site Map Showing Open Space Courtyard and Pedestrian Mews
12. Declaration of Public Access Restrictions
13. Temporary Construction Access Area

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF OCII HAS AUTHORITY TO COMMIT OCII TO THIS LEASE UNLESS AND UNTIL THE COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE HAS DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF OCII UNDER THIS LEASE ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LEASE WILL BE NULL AND VOID IF THE COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE DOES NOT APPROVE THIS LEASE IN ITS SOLE DISCRETION. APPROVAL OF THIS LEASE BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY WILL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, AND NO SUCH APPROVAL WILL CREATE ANY BINDING OBLIGATIONS ON OCII.

[signatures begin on following page]

IN WITNESS WHEREOF, the Tenant and Landlord have executed this Lease as of the day and year first above written.

TENANT:

Transbay 2 Family, L.P.,
a California limited partnership

Managing General Partner:

Transbay 2 Family LLC,
a California limited liability company

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Ramie Dare
Vice President

[Signatures continue on following page]

LANDLORD:

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

By: _____
Thurston Kaslofsky
Executive Director

APPROVED AS TO FORM:
James B. Morales
General Counsel

By: _____

Authorized by Resolution No. __-2024 adopted _____, 2024

ATTACHMENT 1

LEGAL DESCRIPTION OF THE SITE

The Site referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

[to be added]

ATTACHMENT 2

SCHEDULE OF PERFORMANCE

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
1	Acquisition/Predev Financing Commitment	June 2021	Complete
2.	Site Acquisition	May 2024	July 2024
3.	Development Team Selection		
a.	Architect	November 2020	Complete
b.	General Contractor	June 2021	Complete
c.	Owner's Representative	April 2021	Complete
d.	Property Manager	November 2020	Complete
e.	Service Provider	November 2020	Complete
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	November 2022	Complete
b.	Submittal of Design Development & Cost Estimate	August 2023	Complete
c.	Submittal of 50% CD Set & Cost Estimate	November 2023	Complete
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	February 2024	March 2024
5.	Commercial Space		
a.	Commercial Space Plan submission (preliminary)	May 2023	Complete
b.	Commercial Space Plan submission (updated)	February 2024	March 2024
c.	LOIs executed (target)	May 2024	N/A
6.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	October 2022	Complete
7.	PG&E		
a.	Temp Power Application Submission	March 2023	Complete
b.	Perm Power Application Submission	November 2022	Complete

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
8.	Permits		
a.	Building / Site Permit Application Submitted	November 2022	Complete
b.	Foundation Addendum Submitted	December 2023	February 2024
c.	Superstructure Addendum Submitted	December 2023	February 2024
9.	Request for Bids Issued	February 2024	April 2024
10.	Service Plan Submission		
a.	Preliminary	May 2023	Complete
b.	Final	February 2024	July 2024
11.	Additional City Financing		
a.	Gap Financing Application	June 2023	Complete
12.	Other Financing		
a.	HCD IIG Application	July 2023	Complete
b.	Construction Financing RFP	November 2023	Complete
c.	CDLAC/TCAC Application	September 2023	Complete
d.	LOSP Funding Request	November 2024	February 2025
13.	Closing		
a.	Construction Loan Closing	May 2024	July 2024
b.	Conversion of Construction Loan to Permanent Financing	December 2026	April 2027
14.	Construction		
a.	Notice to Proceed	May 2024	July 2024
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	May 2026	October 2026
15.	Marketing/Rent-up		
a.	Early Outreach Plan Submission	June 2024	September 2024
b.	Marketing Plan Submission	November 2024	May 2025
c.	Commence Marketing	September 2025	March 2026
d.	95% Occupancy	December 2026	March 2027
16.	Cost Certification/8609	December 2027	March 2028
17.	Close Out MOH/Site Loan(s)	December 2027	March 2028

ATTACHMENT 3

CONSENT TO LEASEHOLD MORTGAGE

Date:

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

RE: _____, San Francisco (LEASEHOLD MORTGAGE)

To Whom It May Concern:

Under Section 25.01 of the _____ Ground Lease, dated _____, 20__, between the Office of Community Investment and Infrastructure ("OCII") and _____, a California _____, we are formally requesting the OCII's consent to our placing a leasehold mortgage upon the leasehold estate of the above referenced development. The following information is provided in order for OCII to provide its consent:

Lender:

Principal Amount:

Interest:

Term:

Attached hereto are unexecuted draft loan documents, including the loan agreement, promissory note, and all associated security agreements which we understand are subject to review and approval by OCII. Furthermore, we are willing to supply any additional documentation related to the leasehold mortgage which OCII deems necessary.

Sincerely,

Transbay 2 Family, L.P.,
a California limited partnership

Transbay 2 Family LLC, a California limited liability company, its managing general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation, its sole member/manager

a California Limited Partnership

By: _____

Name: Ramie Dare
Title: Vice President
enc.

By signing this letter, the OCII consents to the leasehold mortgage, under the terms and conditions of Section 25.01 of the _____ Ground Lease, dated _____, 2024.

Office of Community Investment and Infrastructure

Thurston Kaslofsky
Executive Director

ATTACHMENT 4

OPERATIONAL RULES FOR SAN FRANCISCO HOUSING LOTTERIES AND RENTAL LEASE-UP ACTIVITIES

The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities may be found in the current version of the Housing Preferences and Lottery Procedures Manual which is incorporated herein by this reference and may be downloaded from the Mayor's Office of Housing and Community Development website at the following link:

<https://sfmohcd.org/sites/default/files/Documents/MOH/Lottery Preferences/Lottery Preferences Manual.pdf>

ATTACHMENT 5

FORM OF MEMORANDUM OF LEASE

FREE RECORDING PURSUANT TO
GOVERNMENT CODE §§27383 & 27388.1 AT THE
REQUEST OF THE SUCCESSOR AGENCY TO
THE REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO

WHEN RECORDED RETURN TO:

The Successor Agency to the Redevelopment
Agency of the City and County of San
Francisco, One South Van Ness Avenue,
5th Floor, San Francisco, California 94103
Attn: Jane Suskin

Assessor's Block ____, Lot ____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease ("Memorandum") is entered into as of ____, 2024, by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, organized and existing under the laws of the State of California ("Landlord"), and Transbay 2 Family, L.P., a California limited partnership ("Tenant"), with respect to that certain Ground Lease (the "Lease") dated for reference purposes as ____, 2024, between Landlord and Tenant.

Under the Lease, Landlord hereby leases to Tenant and Tenant leases from Landlord the real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "Property"). The Lease will become effective on the date of recordation of this Memorandum and will end on the date that is 75 years from said date, subject to a 24-year option to extend, unless terminated earlier or extended pursuant to the terms of the Lease.

It is the intent of the parties to the Lease that the Lease creates a constructive notice of severance of the Improvements from the Property (as defined in the Lease), without the necessity of a deed from Lessor to Lessee, which Improvements together with the Leasehold Interest in the Property created by the Lease are and will remain real property.

This Memorandum incorporates herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and will not be construed to alter, modify, amend, or supplement the Lease, of which this is a memorandum.

This Memorandum may be signed by the parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts will be deemed an original of this Memorandum.

Executed as of _____, 2024 in San Francisco, California.

TENANT:

Transbay 2 Family, L.P.,
a California limited partnership

Managing General Partner:

Transbay 2 Family LLC,
a California limited liability company

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Ramie Dare
Vice President

[Signatures continue on following page]

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

By: _____
Thurston Kaslofsky
Executive Director

APPROVED AS TO FORM:
James B. Morales
General Counsel

By: _____

Exhibit A

Legal Description

The Property referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

[to be inserted]

ATTACHMENT 6

FORM OF TENANT INCOME CERTIFICATION

ATTACHMENT 7

CITY CONTRACT PROVISIONS APPLICABLE UPON ASSIGNMENT

In accordance with Article 52 of the Lease, upon transfer of the Site and assignment of the rights and obligations of this Lease to the City in accordance with Section 14.02 therein, the following provisions shall be applicable to Tenant and in that event, any conflict between these provisions and those of the Lease shall be resolved in favor of the provisions set out below.

1. Nondiscrimination; Penalties.

(a) *Nondiscrimination in Contracts.* The Tenant shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. The Tenant shall incorporate by reference in any subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require any subcontractors to comply with such provisions. The Tenant is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(b) *Nondiscrimination in the Provision of Employee Benefits.* *San Francisco Administrative Code 12B.2.* The Tenant does not as of the date of this Lease, and will not during the term of this Lease, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Lease. By entering into this Lease, the Tenant confirms that it has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

3. Tropical Hardwood and Virgin Redwood Ban. Pursuant to San Francisco Environment Code Section 804(b), the City urges the Tenant not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require the Tenant to remove from, City facilities personnel of the Tenant who the City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using

alcoholic beverages, or being under the influence of alcohol.

5. Compliance with Americans with Disabilities Act. The Tenant shall provide the services specified in this Lease in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

6. Sunshine Ordinance. The Tenant acknowledges that this Lease and all records related to its formation, the Tenant's performance under this Lease, and the City's payment are subject to the California Public Records Act (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

7. Limitations on Contributions. By executing this Lease, the Tenant acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of the Tenant's board of directors; the Tenant's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in the Tenant; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Tenant. The Tenant certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

8. Requiring Minimum Compensation for Covered Employees. If Administrative Code Chapter 12P applies to this Lease, the Tenant shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P, including a minimum hourly gross compensation, compensated time off, and uncompensated time off. The Tenant is subject to the enforcement and penalty provisions in Chapter 12P. Information about and the text of Chapter 12P is available on the web at <http://sfgov.org/olse/mco>. The Tenant is required to comply with all of the applicable provisions of 12P, irrespective of the listing of obligations in this Section. By signing and executing this Lease, the Tenant certifies that it complies with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. If Administrative Code Chapter 12Q applies to this Lease, the Tenant shall comply with the requirements of Chapter 12Q. For each Covered Employee, the Tenant shall provide the appropriate health benefit set forth in

Section 12Q.3 of the HCAO. If the Tenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission. Information about and the text of the Chapter 12Q, as well as the Health Commission's minimum standards, is available on the web at <http://sfgov.org/olse/hcao>. The Tenant is subject to the enforcement and penalty provisions in Chapter 12Q. Any subcontract entered into by the Tenant shall require any subcontractor with 20 or more employees to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section.

10. Prohibition on Political Activity with City Funds. In performing under this Lease, the Tenant shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Lease from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. The Tenant is subject to the enforcement and penalty provisions in Chapter 12G.

11. Nondisclosure of Private, Proprietary or Confidential Information. If this Lease requires the City to disclose "Private Information" to the Tenant within the meaning of San Francisco Administrative Code Chapter 12M, the Tenant shall use such information consistent with the restrictions stated in Chapter 12M and in this Lease and only as necessary in performing the services provided under this Lease. The Tenant is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under this Lease, the Tenant may have access to the City's proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to the Tenant, such information must be held by the Tenant in confidence and used only in performing this Lease. The Tenant shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

12. Consideration of Criminal History in Hiring and Employment Decisions. The Tenant agrees to comply fully with and be bound by all of the provisions of Chapter 12T, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code ("Chapter 12T"), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Lease. The text of Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of the Tenant's obligations under Chapter 12T is set forth in this Section. The Tenant is required to comply with all of the applicable provisions of Chapter 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12T.

The requirements of Chapter 12T shall only apply to the Tenant's operations to the extent those operations are in furtherance of the performance of this Lease, shall apply only to applicants and employees who would be or are performing work in furtherance of this Lease, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco which excludes Airport property. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state

law or with a requirement of a government agency implementing federal or state law.

13. Reserved

14. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code § 21.35, including the enforcement and penalty provisions, is incorporated into this Lease. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

15. Conflict of Interest. By entering into this Lease, the Tenant certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Lease.

16. Food Service Waste Reduction Requirements. The Tenant shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

17. Distribution of Beverages and Water. The Tenant agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Lease. The Tenant agrees that it shall not sell, provide or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Lease.

18. Consideration of Salary History. The Tenant shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." The Tenant is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Lease or in furtherance of this Lease, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Tenant is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at

<https://sfgov.org/olse/consideration-salary-history>. Tenant is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

19. Laws Incorporated by Reference. The full text of the laws listed in this Exhibit G, including enforcement and penalty provisions, are incorporated into this Lease by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Exhibit G are available at http://www.amlegal.com/codes/client/san-francisco_ca/

20. First Source Hiring Program. The Tenant must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Lease, and the Tenant is subject to the enforcement and penalty provisions in Chapter 83.

21. Prevailing Wages. Services to be performed by the Tenant under this Lease may involve the performance of trade work covered by the provisions of Section 6.22(e) or Section 21C of the Administrative Code (collectively, “Covered Services”). The provisions of Section 6.22(e) and Section 21C of the Administrative Code are incorporated as provisions of this Lease as if fully set forth herein and will apply to any Covered Services performed by the Tenant.

22. Contractor Vaccination Policy.

(a) Tenant acknowledges that it has read the requirements of the 38th Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency (“Emergency Declaration”), dated February 25, 2020, and the Contractor Vaccination Policy for City Contractors issued by the City Administrator (“Contractor Vaccination Policy”), as those documents may be amended from time to time. A copy of the Contractor Vaccination Policy can be found at: <https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors>.

(b) A Contract subject to the Emergency Declaration is an agreement between the City and any other entity or individual and any subcontract under such agreement, where Covered Employees of the Contractor or Subcontractor work in-person with City employees in connection with the work or services performed under the agreement at a City owned, leased, or controlled facility. Such agreements include, but are not limited to, professional services contracts, general services contracts, public works contracts, and grants. Contract includes such agreements currently in place or entered into during the term of the Emergency Declaration. Contract does not include an agreement with a state or federal governmental entity or agreements that do not involve the City paying or receiving funds.

(c) In accordance with the Contractor Vaccination Policy, Tenant agrees that:

(i) Where applicable, Tenant shall ensure it complies with the requirements of the Contractor Vaccination Policy pertaining to Covered Employees, as they are defined under the Emergency Declaration and the Contractor Vaccination Policy, and insure such Covered Employees are either fully vaccinated for COVID-19 or obtain from Tenant an exemption based on medical or religious grounds; and

(ii) If Tenant grants Covered Employees an exemption based on medical or religious grounds, Tenant will promptly notify City by completing and submitting the Covered Employees Granted Exemptions Form (“Exemptions Form”), which can be found at

<https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors> (navigate to
“Exemptions” to download the form).

ATTACHMENT 8

INSURANCE REQUIREMENTS

Subject to approval by the OCII Risk Manager of the insurers and policy forms, Tenant must obtain and maintain, or caused to be maintained, the insurance and bonds as set forth in this Attachment 8 throughout the Compliance Term of this Agreement, or in accordance with the timeframes stated herein, at no expense to OCII.

A. Overview of Coverage Requirements. The following table summarizes required insurance policies and documentation. Please see Section B of this Attachment 8 for more detailed descriptions of policy requirements.

Insurance Type	Coverage Amount (Minimum)	Applicable Parties	Endorsement or Certificate Required
Commercial General Liability (see Section B.1)	\$1,000,000 per occurrence/ \$2,000,000 aggregate*	Tenant's design and professional contractors; and Tenant (prior to start of construction)	Additional insured (see Section G)
	\$10,000,000 per occurrence/ \$10,000,000 aggregate*	Tenant (upon construction start), general contractor, and subcontractors to the general contractor	Completed Operations Coverage endorsement (on construction stage policy) (see Section G)
Automobile Liability (see Section B.2)	\$1,000,000 per accident*	Tenant and Tenant's contractors	Additional insured (see Section G)
	\$10,000,000 per accident*	Upon construction start - general contractor and subcontractors to the general contractor	
Worker's Compensation and Employer's Liability (see Section B.3)	As per statute for Workers Comp; \$1,000,000 per accident; \$1,000,000 per employee; and in aggregate for bodily injury by disease as respects Employers Liability*	Tenant and Tenant's contractors	Waiver of subrogation
Professional Liability (see Section B.4)	\$2,000,000 per claim/ \$2,000,000 aggregate	Tenant if engaged in any eligible design-related activities; and Tenant's design and professional contractors	None
Crime/Dishonesty (see Section B.5)	\$1,000,000 per loss	Tenant	Loss payee endorsement

Insurance Type	Coverage Amount (Minimum)	Applicable Parties	Endorsement or Certificate Required
Pollution Liability/Asbestos (see Section B.6)	\$1,000,000 per claim/ \$2,000,000 aggregate	Tenant or Tenant's construction contractor(s)	Additional insured (see Section G)
Builder's Risk – During Construction (see Section B.7a)	100% of replacement value	Tenant	Loss payee endorsement
Property Insurance – After Construction Completion (see Section B.7b)	100% of replacement value	Tenant or Tenant's property manager	Loss payee endorsement
Performance and Payment Bonds (see Section B.8)	100% of contract value	Tenant's construction contractors	OCII and Tenant named as dual obligees

** Umbrella, excess liability policy, contractor controlled insurance program (CCIP), or owner controlled insurance program (OCIP) may be used to meet limits (see Section D)*

B. Minimum Scope and Limits of Insurance. Tenant and/or Tenant's Contractors must maintain insurance with limits no less than:

- 1) Commercial General Liability coverage, under Insurance Services Office occurrence form CG 00 01 or other form approved by OCII, with additional insured endorsement (form CG 20 10 or equivalent) (see Section G). Limits set forth below. Coverage must be included for contractual liability; explosion, collapse and underground (XCU); products and completed operations. Umbrella, Excess Liability, [Contractor Controlled Insurance Policy,] or an Owner Controlled Insurance Policy may be used to meet the terms of this section.

- a. Before the start of demolition/construction if the Site is unoccupied, Tenant and Tenant's Contractors will maintain coverage of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) annual aggregate limit. These limit requirements apply to Tenant's design and professional contractors throughout the required coverage period;

- b. During demolition/construction and occupancy of the Site and ongoing operations of the Project, Tenant and its Construction Contractors and/or Property Manager will maintain coverage of not less than Ten Million Dollars (\$10,000,000) combined single limit per occurrence and Ten Million Dollars (\$10,000,000) annual aggregate limit. For subcontractors to the Construction General Contractor and the Property Manager, the Tenant, in consultation with the Construction General Contractor and the Property Manager, as appropriate, is required to assess the risks associated with such contractors and determine, authorize, and verify the appropriate level of coverage provided by the subcontractor or consultant;

- c. The construction period general liability policy must include completed operations coverage for a minimum of ten (10) years. Tenant must provide a completed operations coverage endorsement (form CG 20 37 or equivalent) and OCII must be named as an additional insured pursuant to Section G below.
- 2) Automobile Liability coverage for all owned, non-owned, scheduled, and hired automobiles under Insurance Services Office form number CA 00 01 or other form approved by OCII, with additional insured endorsement (see Section G). If Tenant does not own any automobiles, Tenant must provide OCII a written statement confirming that no automobiles are owned, and OCII will accept an Automobile Insurance policy providing coverage for Symbol 8 (hired autos) and Symbol 9 (non-owned autos), with additional insured endorsement. One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, combined single limit.

For construction operations, Tenant's Contractor will maintain coverage of not less than Ten Million Dollars (\$10,000,000) per accident for bodily injury and property damage, combined single limit. For subcontractors to the Construction General Contractor and the Tenant, the Construction General Contractor, is required to assess the risks associated with such contractors and, with the authorization of the Tenant, determine and verify the appropriate level of automobile liability coverage provided by the subcontractor or consultant.

- 3) Worker's Compensation and Employer's Liability as required by the State of California. A waiver of subrogation naming OCII is required (also known as "transfer of rights of recovery against others to us"). Employer's Liability coverage must provide limits of One Million Dollars (\$1,000,000) for bodily injury each accident; and not less than One Million Dollars (\$1,000,000) per employee; and One Million Dollars (\$1,000,000) in the annual aggregate for bodily injury by disease. If the Tenant does not have any employees, then evidence of Workers' Compensation and Employers Liability coverage required herein must be provided by either the Project Sponsor(s) or the General Partner of the Partnership, in lieu of such coverage being provided by the Tenant. Additionally, the Tenant must provide a written statement confirming that the Tenant does not have employees.
- 4) Professional Liability (Errors and Omissions) insurance, applicable to the Tenant's licensed design and professional contractors (architects, engineers, surveyors and other eligible consultants) and to the Tenant only if the Tenant or Sponsor has any employees providing design or engineering services. Two Million Dollars (\$2,000,000) for each claim and in the annual aggregate limit covering negligent acts, errors or omissions in connection with professional services to be provided in connection with the Project. If the Professional Liability insurance is "claims made" coverage, these minimum limits shall be maintained for no less than five (5) years beyond completion of the scope of services performed. Any deductible over One Hundred Thousand Dollars (\$100,000) each claim must be reviewed by OCII Risk Management.

Design professionals who utilize the services of subcontractors or consultants to complete work in connection with this project are required to assess the risks associated with such contractors and, with the authorization of the Tenant, determine and verify the appropriate level of coverage provided by the subcontractor or consultant. The design professional and the Tenant shall assume costs and expenses that may be incurred in fulfilling any indemnity obligations as to itself or any subcontractors or consultants for whom the design professional and/or the Tenant are legally liable in the absence of adequate subcontractor or consultant coverage.

- 5) Crime Policy or Fidelity Bond covering Tenant's officers and employees against employee dishonesty, forgery and alteration, theft of money and securities, and theft via electronic means, endorsed to cover third party fidelity, covering all officers and employees with respect to the Funding Amount. One Million Dollars (\$1,000,000) each loss, with any deductible not to exceed Fifty Thousand Dollars (\$50,000). Tenant must provide an endorsement naming OCII as an additional obligee or loss payee.

Application of Crime Insurance Proceeds. Tenant shall promptly notify OCII of any claim under the required Crime Insurance Policy. OCII may retain from the proceeds of the required Crime Insurance Policy, a sufficient amount of the proceeds to pay the Funding Amount, if any, and shall pay the balance to Tenant. For the avoidance of doubt, OCII shall have no right or claim to the proceeds of the required Crime Insurance Policy in excess of the Funding Amount.

- 6) Pollution Liability and/or Asbestos Pollution Liability applicable to the work being performed, with a limit no less than One Million Dollars (\$1,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) aggregate per policy, this coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Tenant's construction contractor to maintain these minimum limits for no less than three (3) years beyond completion of the Project.

7) Property Insurance

- a. Builder's Risk Insurance during the course of any construction, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and OCII property in the care, custody and control of Tenant or its contractor, including coverage in transit and storage off-site, with a deductible not to exceed Fifty Thousand Dollars (\$50,000) each loss, including OCII as loss payee. Builder's Risk must be maintained by the Tenant or the Tenant must cause its general contractor to maintain this insurance.
- b. Property Insurance after completion of construction, special form coverage, excluding earthquake and flood, but including vandalism and malicious mischief, and including boiler and machinery insurance, for one hundred percent (100%) of the replacement value of all furnishings, fixtures,

equipment, improvements, alterations and property of every kind located on or appurtenant to the Site, including coverage for loss of rental income due to an insured peril for twelve (12) months, with a deductible not to exceed Twenty Five Thousand Dollars (\$25,000) each loss, including OCII as a loss payee. A waiver of subrogation naming OCII is required (also known as “transfer of rights of recovery against others to us”).

- 8) Performance and Payment Bonds for eligible construction contractors during construction and/or rehabilitation, each in the amount of one hundred percent (100%) of contract amounts, naming OCII and Tenant as dual obligees, or other completion security approved by OCII in its sole discretion. OCII has approved issuance of a Completion Guaranty by an affiliate of Tenant to Tenant’s institutional lender as completion security.
 - 9) Performance Insurance. Tenant shall require its general contractor to obtain performance insurance that insures against delay in delivery of modules, up to the amount of Tenant’s or Tenant’s general contractor’s contract amount for the delivery of modules for the construction of the Project. Tenant shall limit general contractor’s use of proceeds from the performance insurance policy to be used to solely to reduce cost overruns in the construction of the Project related to or caused by delay in the delivery of modules, and Tenant shall, and shall require general contractor, to obtain OCII’s approval prior to expending such proceeds.
- C. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions in excess of those required for policies stated herein must be declared to and approved by OCII. At the option of OCII, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees; or Tenant shall provide a financial guarantee satisfactory to OCII guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- D. Umbrella, Excess Liability, and Owner Controlled Insurance Policies (OCIP). An Umbrella and/or Excess Liability policy(ies) or an OCIP may be used to reach the Commercial General Liability, Workers’ Compensation, and/or Automobile Liability coverage limits required herein. The Umbrella/Excess Liability/OCIP policy(ies) must appropriately schedule any such underlying policy(ies).
- E. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of no less than A:VII, unless otherwise approved by OCII’s Risk Manager.
- F. General Requirements.
- 1) If the Tenant maintains additional coverages and/or higher limits than the minimums shown in this Attachment 8, OCII requires and shall be entitled to the additional coverage and/or the higher limits maintained by the Tenant.

- 2) The policies required herein, with the exception of Professional Liability and Workers Compensation, shall be primary insurance and non-contributory as respects to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents, and employees. Any insurance or self-insurance maintained by OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees shall be in excess of Tenant's insurance and shall not contribute with it.
- 3) Each insurance policy required herein must be endorsed (if endorsement is available) to state that coverage will not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice by mail has been given to OCII. Should the insurance carrier not be able to provide such notice, then the responsibility to provide the notice to OCII shall be borne by the policyholder.
- 4) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to OCII, the City and County of San Francisco and their respective commissioners, members, officers, agents or employees.
- 5) Approval of Tenant's insurance by OCII will not relieve or decrease the liability of Tenant under this Agreement.
- 6) OCII and its officers, agents and employees will not be liable for any required premium under any policy maintained by Tenant.
- 7) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than five (5) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

G. Verification of Coverage. Tenant must furnish OCII with certificates of insurance and original endorsements evidencing coverage required by this clause. The certificates and applicable endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be received and approved by OCII before work commences. OCII reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by these specifications at any time. Tenant shall require and verify that its contractors and consultants maintain the required policies as stated herein. Tenant must furnish OCII with copies of certificates and endorsements upon request. All certificates shall include the following:

- 1) Identify the following as the certificate holder:
Successor Agency to the Redevelopment Agency of the City and
County of San Francisco
Office of Community Investment and Infrastructure

One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

- 2) Identify the name of the insurance policy holder (Tenant or Contractor), the Project name, and the Project address.
- 3) For policies in which OCII is required to be named as an additional insured, loss payee, dual obligee, or named on a waiver of subrogation, the policy shall name “Office of Community Investment and Infrastructure/ Successor Agency to the Redevelopment Agency of the City and County of San Francisco, the City and County of San Francisco and their respective commissioners, members, officers, agents and employees” on the certificate and on the attached endorsement or certificate.

H. Review. OCII reserves the right to modify the insurance coverage under this Section, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other circumstances consistent with OCII’s Risk Management Policy. The insurance coverage required under this Section shall be evaluated by OCII for adequacy from time to time. OCII may require Tenant to increase the insurance limits and/or forms of coverage in its reasonable discretion provided that such limits and/or coverage is generally available at commercially reasonable rates.

ATTACHMENT 9

CONTRACT COMPLIANCE POLICIES

1. Equal Opportunity Policies. Tenant shall comply with OCII's Equal Opportunity Policies:

- (i) Small Business Enterprise (SBE) Policy (adopted by Resolution No. 7-2022, March 15, 2022
- (ii) Prevailing Wage Policy (adopted by Resolution No. 327-1985 Nov. 12, 1985);
- (iii) Nondiscrimination in Contracts and Benefits (adopted by Resolution No. 175-1997);
- (iv) Health Care Accountability Policy (adopted by Resolution No. 168-2001); and
- (v) Minimum Compensation Policy (adopted by Resolution No. 168-2001).

Copies of the aforementioned policies are available on the OCII website at <http://sfocii.org/policies-and-procedures>

2. Environmental Review. The Project must meet the requirements of the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 et seq.) and implementing regulations, and any other environmental reviews as required by any federal funding sources obtained, including the National Environmental Policy Act ("NEPA").

3. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of Tenant or OCII who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, in whole or in part, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder either for himself/herself or for those with whom he/she has family or business ties, during his/her tenure and for one year thereafter. In order to carry out the purpose of this Section, Tenant must incorporate, or cause to be incorporated, in all contracts, subcontracts and agreements relating to activities assisted under the Agreement, a provision similar to that of this Section. Tenant will be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, Tenant must take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Tenant represents that it is familiar with the provisions of Sections 1090 through 1097 and 87100 et seq. of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. Tenant certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify OCII immediately if Tenant at any time obtains knowledge of facts constituting a violation.

(c) In the event of any violation of the conflict of interest prohibitions, Tenant agrees that OCII may refuse to consider any future application for funding from Tenant or any entity related to Tenant until the violation has been corrected to OCII's satisfaction, in OCII's sole discretion.

4. **Disability Access.** Tenant must comply with all applicable disability access Laws, including the Americans with Disabilities Act (42 U.S.C. §§ 1201 et seq.), Section 504 of the Rehabilitation Act (29 U.S.C. § 794) and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 et seq.). Tenant is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, Tenant must provide to OCII a written reasonable accommodations policy that indicates how Tenant will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. **Lead-Based Paint.** Tenant must satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 et seq.) and implementing regulations at 24 CFR part 35. Tenant must also comply with the provisions contained in 17 CCR 350000 et seq., and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

6. **Relocation.** Tenant must meet any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 et seq.) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar Laws.

7. **Non-Discrimination in OCII Contracts and Benefits Policy.**

(a) **Tenant May Not Discriminate.** In the performance of this Agreement, Tenant 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, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Tenant, in any of Tenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Tenant.

(b) **Non-Discrimination in Benefits.** Tenant does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San

Francisco or where the work is being performed for OCII or elsewhere within the United States, 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, as well as any benefits other than the benefits specified above, 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 Agency under state or local law authorizing such registration, subject to the conditions set forth in the Agency's Nondiscrimination in Contracts Policy, adopted by Agency Resolution 175-97, as amended from time to time.

8. Public Disclosure

(a) Tenant understands and agrees that under the State Public Records Law (Cal. Gov. Code §§ 6250 et seq.) and the Agency Public Records Policy, this Agreement and any and all records, information and materials submitted to OCII or the City hereunder are public records subject to public disclosure. Tenant hereby authorizes OCII and the City to disclose any records, information and materials submitted to OCII or the City in connection with this Agreement as required by Law.

9. Limitations on Contributions. Through execution of this Agreement, Tenant acknowledges that it is familiar with section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the Agency for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) the Mayor or members of the Board of Supervisors, (2) a candidate for Mayor or Board of Supervisors, or (3) a committee controlled by such office holder or candidate, 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 months after the date the contract is approved. Tenant 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. Tenant further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Tenant's board of directors; Tenant's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Tenant; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Tenant. Additionally, Tenant acknowledges that Tenant must inform each of the persons described in the preceding sentence of the prohibitions contained in section 1.126.

Finally, Tenant agrees to provide to OCII the names of each member of Tenant's general partners' (or, if applicable, general partners' managing members) board of directors; Tenant's general partners' (or, if applicable, general partners' managing members) chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Tenant's general partners (or, if applicable, general partners' managing members); any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Tenant.

ATTACHMENT 9-1

SMALL BUSINESS ENTERPRISE AGREEMENT

The company or entity executing this Small Business Enterprise Agreement, by and through its duly authorized representative, hereby agrees to use good faith efforts to comply with all of the following:

I. **PURPOSE.** The purpose of entering into this Small Business Enterprise Program agreement (“**SBE Program**”) is to establish a set of Small Business Enterprise (“SBE”) participation goals and good faith efforts designed to ensure that monies are spent in a manner which provides SBEs with an opportunity to compete for and participate in contracts by or at the behest of the Successor Agency to the San Francisco Redevelopment Agency (“**Agency**”) and/or the Agency-Assisted Contractor. A genuine effort will be made to give First Consideration to Project Area SBEs and San Francisco-based SBEs before looking outside of San Francisco.

II. **APPLICATION.** The SBE Program applies to all Contractors and their subcontractors seeking work on Agency-Assisted Projects on or after November 17, 2004 and any Amendment to a Pre-existing Contract.

III. **GOALS.** The Agency’s SBE Participation Goals are:

CONSTRUCTION	50%
PROFESSIONAL SERVICES	50%
SUPPLIERS	50%

IV. **TRAINEE HIRING GOAL.** In addition to the goals set forth above in Section III, there is a trainee hiring goal for all design professionals (architects, engineers, planners, and environmental consultants) on contracts or subcontracts over \$100,000. The trainee hiring goal requires architects, engineers and other design professionals only to hire qualified San Francisco residents as trainees. The trainee hiring goal is based upon the total amount of the design professional’s contract as follows:

<u>Trainees</u>	<u>Design Professional Fees</u>
0	\$ 0 – \$99,000
1	\$ 100,000 – \$249,999
2	\$ 250,000 – \$499,999
3	\$ 500,000 – \$999,999
4	\$1,000,000 – \$1,499,999
5	\$1,500,000 – \$1,999,999
6	\$2,000,000 - \$4,999,999
7	\$5,000,000 - \$7,999,999
8	\$8,000,000 – or more

A. Procedures For Trainee Hires

1. Compliance with the Trainee Hiring Goal

Design professionals will be deemed in compliance with this Agreement by meeting or exceeding the trainee hiring goal or by take the following steps in good faith towards compliance.

2. **Execution and Incorporation of this Agreement to Sub-agreements**

The Agency-Assisted Contractor shall execute this Agreement and shall incorporate by reference or attach this Agreement to its contract(s) with the architects, engineers and other design professionals. Thus, each design professional (regardless of tier) will be obligated to comply with the terms of this Agreement. The Agency-Assisted Contractor and/or the design professionals shall retain the executed Agreements and make them available to the Agency Compliance Officer upon request.

3. **Contact Educational Institutions**

Each design professional shall call the City and County of San Francisco Office of Economic and Workforce Development (OEWD) or educational institution(s) and request referrals for the required trainee positions. The request will indicate generally: (1) the number of trainees sought; (2) the required skills set (keeping in mind that these are trainee positions); (3) a brief description of job duties; (4) the duration of the trainee period; and (5) any other information that would be helpful or necessary for the educational institution or OEWD to make the referral. The minimum duration of assignment is part-time for one semester. However, design professionals are strongly encouraged to offer longer trainee employment periods to allow a more meaningful learning experience. (For example, a half-time or full-time assignment over the summer.) Although the initial contact shall be made by phone, the educational institution(s) or OEWD may require the design professionals to send a confirming letter or complete its form(s). Each design professional is required to timely provide all of the information requested by the OEWD or educational institution(s) in order to get the referrals.

4. **Response from Educational Institutions**

Each educational institution may have a different way of referring applicants, such as: sending resumes directly to the design professional; having the applicant contact the design professional by phone; require design professionals to conduct on-campus interviews; or some other method. The timing and method of the response will normally be discussed with the design professional during the initial phone request. The design professional is required to follow the process set by the educational institution(s) in order to get the referrals.

5. **Action by Design Professionals When Referrals Available**

The design professional shall interview each applicant prior to making the decision to hire or not to hire. The design professional shall make the final determination whether the applicant is qualified for the trainee position and the ultimate hiring decision. The Agency strongly encourages the design professional to hire a qualified San Francisco resident referred by the educational institution(s). The design professional shall notify the educational institution in writing of the hiring decision.

6. **Action by Design Professionals When Referrals Unavailable**

If after contacting two or more educational institutions the design professional is informed that no San Francisco residents are currently available, then the design professional should wait thirty (30) days and contact the educational institutions a second time to inquire whether qualified San Francisco residents are currently available for hire as trainees. If no qualified San Francisco residents are currently available after the second request, then the design professional has fulfilled its obligation under this Agreement, provided that the design professional has acted in good faith. The design professional must retain its file on all of the steps it took to comply with this Section IV and submit a copy of its file to the Agency Compliance Officer upon request.

7. **Action by Design Professional When No Response From Educational Institutions**

If a design professional has not received a response to its request for referrals from any of the

educational institutions within five (5) business days after the design professional has fully complied with the procedures, if any, set by the educational institution(s) for obtaining referrals, then the design professional should immediately advise the Agency Compliance Officer by phone, fax or email. The Agency Compliance Officer or his/her designee shall cause the educational institution(s) to respond to the design professional within five (5) business days of the Agency Compliance Officer being notified. If the design professional still has not received a response from the educational institution(s) after this additional five (5) business day period has run, then the design professional has fulfilled its obligation under this Section IV, provided that the design professional has acted in good faith. Each design professional must retain its file on all of the steps it took to comply with this Agreement and submit a copy of its file to the Agency Compliance Officer upon request.

8. Termination of Trainee for Cause

If at any time during the Term, it becomes necessary to terminate for cause a trainee who was hired under this Agreement and the design professional has not met the minimum duration requirements under this policy, then the design professional shall hire a new trainee by following the process set forth above.

B. Reporting Requirements For Trainee Hires

1. Reporting

Upon completion of the Term of the Agreement or the term of the design professional's contract with the Agency-Assisted Contractor, whichever is less, the design professional (i.e. Employer) shall fax or email a report to the Agency Compliance Officer stating in detail: (1) the names of the San Francisco resident(s) interviewed for trainee positions; (2) the date(s) of each interview; (3) the reasons for not hiring the San Francisco resident(s) interviewed; (4) the name, address, gender and racial/ethnic background of the successful candidate for the trainee position; and (5) the number of San Francisco residents hired as trainees.

2. Report on Terminations

In the event a San Francisco resident hired pursuant to this Agreement is terminated for cause, the responsible design professional shall within five (5) days fax or email a termination report to the Agency Compliance Officer stating in detail: (1) the name of the trainee(s) terminated; (2) his/her job title and duties; (3) the reasons and circumstances leading to the termination(s); and (4) whether the design professional replaced the trainee(s).

V. TERM. The obligations of the Agency-Assisted Contractor and/or Contractor(s) with respect to SBE Program shall remain in effect until completion of all work to be performed by the Agency-Assisted Contractor in connection with the original construction of the site and any tenant improvements on the site performed by or at the behest of the Agency-Assisted Contractor unless another term is specified in the Agency-Assisted Contract or Contract.

VI. FIRST CONSIDERATION. First consideration will be given by the Agency or Agency-Assisted Contractor in awarding contracts in the following order: (1) Project Area SBEs, (2) San Francisco-based SBEs (outside an Agency Project or Survey Area, but within San Francisco), and (3) Non-San Francisco-based SBEs. Non-San Francisco-based SBEs should be used to satisfy participation goals only if Project Area SBEs or San Francisco-based SBEs are not available, qualified, or if their bids or fees are significantly higher than those of non-San Francisco-based SBEs.

VII. ASSOCIATIONS AND JOINT VENTURES (JV). OCII will recognize JVs and Associations between non-SBE firms and SBE firms where the SBE partner performs at least 35% of the work defined

in the JV or Association agreement, and receives at least 35% (or a proportionate share, whichever is higher) of the dollars to be earned by the JV or Association. Under this arrangement, OCII will deem the JV or Association to be an SBE for the purposes of meeting the SBE goal. Due to the technical nature of the disciplines and the various standards of each industry, OCII will not require a standardized agreement. However, each JV and Association agreement must be in writing and contain, at a minimum, the following terms:

- Define the management of the agreement between the parties;
- Define the technical and managerial responsibilities of each party;
- Define the scope of work to be performed by each party, and where possible identify the percentage and break-down of scope of work for each party;
- Identify any additional subcontractors or consultants that will perform the work under the agreement;
- Define the schedule, duration, and deliverable of the agreement;
- Detail the fee schedule, fee breakdown, or division of compensation;
- Specify insurance requirements and/or if each party shall maintain its own insurance;
- Specify how additional work or changes in scope shall be negotiated or determined and which party shall be responsible for notifying OCII of the changes;
- Specify how claims and disputes will be resolved.

A copy of the JV or Association agreement must be provided to OCII for approval in order for the JV or Association to be recognized.

VIII. CERTIFICATION. The Agency no longer certifies SBEs but instead relies on the information provided in other public entities' business certifications to establish eligibility for the Agency's program. Only businesses certified by the Agency as SBEs whose certification has not expired and economically disadvantaged businesses that meet the Agency's SBE Certification Criteria will be counted toward meeting the participation goals. The SBE Certification Criteria are set forth in the SBE Policy.

IX. INCORPORATION. Each contract between the Agency, Agency-Assisted Contractor or Contractor on the one hand, and any subcontractor on the other hand, shall physically incorporate as an attachment or exhibit and make binding on the parties to that contract, a true and correct copy of this SBE Agreement.

X. DEFINITIONS. Capitalized terms not otherwise specifically defined in this SBE Agreement have the meaning set forth in the Agency's SBE Policy adopted on November 16, 2004 and amended on July 21, 2009 ("**Policy**") or as defined in the Agency-Assisted Contract or Contract. In the event of a conflict in the meaning of a defined term, the SBE Policy shall govern over the Agency-Assisted Contract or Contract which in turn shall govern over this SBE Agreement.

Affiliates means an affiliation with another business concern is based on the power to control, whether exercised or not. Such factors as common ownership, common management and identity of interest (often found in members of the same family), among others, are indicators of affiliation. Power to control exists when a party or parties have 50 percent or more ownership. It may also exist with considerably less than 50 percent ownership by contractual arrangement or when one or more parties own a large share compared to other parties. Affiliated business concerns need not be in the same line of business.

Agency-Assisted Contract means, as applicable, the Development and Disposition Agreement ("**DDA**"), Land Disposition Agreement ("**LDA**"), Lease, Loan and Grant Agreements, and other similar contracts, and agreement that the Agency executed with for-profit or non-profit entities.

Agency-Assisted Contractor means any person(s), firm, partnership, corporation, or combination thereof, who is negotiating or has executed an Agency-Assisted Contract.

Agency Contract means personal services contracts, purchase requisitions, and other similar contracts and operations agreements that the Agency executes with for-profit or non-profit entities.

Amendment to a Pre-existing Contract means a material change to the terms of any contract, the term of which has not expired on or before the date that this Small Business Enterprise Policy (“SBE Policy”) takes effect, but shall not include amendments to decrease the scope of work or decrease the amount to be paid under a contract.

Annual Receipts means “total income” (or in the case of a sole proprietorship, “gross income”) plus “cost of goods sold” as these terms are defined and reported on Internal Revenue Service tax return forms. The term does not include net capital gains or losses; taxes collected for and remitted to a taxing authority if included in gross or total income, such as sales or other taxes collected from customers and excluding taxes levied on the concern or its employees; proceeds from transactions between a concern and its domestic or foreign affiliates; and amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker. For size determination purposes, the only exclusions from receipts are those specifically provided for in this paragraph. All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer's request, and employee-based costs such as payroll taxes, may not be excluded from receipts. Typically, receipts are averaged over a concern's latest three (3) completed fiscal years to determine its average annual receipts. However, to the extent a public entity considers a five-year average in its certification program, OCII will accept the five-year average provided the remaining certification criteria of the public entity is consistent with OCII’s criteria stipulated in this Policy. If a concern has not been in business for three (3) years, the average weekly revenue for the number of weeks the concern has been in business is multiplied by 52 to determine its average annual receipts.

Arbitration Party means all persons and entities who attend the arbitration hearing pursuant to Section XIII, as well as those persons and entities who are subject to a default award provided that all of the requirements in Section XIII.L. have been met.

Association means an agreement between two parties established for the purpose of completing a specific task or project. The association agreement shall provide the SBE associate a significant project management role and the SBE associate shall be recognized in marketing and collateral material. The Association shall be distinguished from traditional subcontracting arrangements via a written Association agreement that defines the management of the agreement, technical and managerial responsibilities of the parties, and defined scopes and percentages of work to be performed by each party with its own resources and labor force. Unlike the more formal Joint Venture, an Association does not require formation of a new business enterprise between the parties. The Association agreement shall contain, at a minimum, provisions required by Section VII and be subject to OCII approval.

Commercially Useful Function means that the business is directly responsible for providing the materials, equipment, supplies or services in the City and County of San Francisco (“City”) as required by the solicitation or request for quotes, bids or proposals. Businesses that engage in the business of providing brokerage, referral or temporary employment services shall not be deemed to perform a “commercially useful function” unless the brokerage, referral or temporary employment services are required and sought by the Agency.

Contract means any agreement between the Agency and a person(s), firm, partnership, corporation, or combination thereof, to provide or procure labor, supplies or services to, for, or on behalf of the Agency.

Contractor means any person(s), firm, partnership, corporation, or combination thereof, who is negotiating or has executed a Contract.

Joint Venture means an entity established between two parties for the purposes of completing a venture or project. The Joint Venture agreement typically creates a separate business entity and requires acquisition of additional insurance for the newly created joint business entity. The Joint Venture agreement shall contain, at a minimum, provisions required by Section VII and be subject to OCII approval.

Non-San Francisco-based Small Business Enterprise means a SBE that has fixed offices

located outside the geographical boundaries of the City.

Office or Offices means a fixed and established place(s) where work is performed of a clerical, administrative, professional or production nature directly pertinent to the business being certified. A temporary location or movable property or one that was established to oversee a project such as a construction project office does not qualify as an “office” under this SBE Policy. Work space provided in exchange for services (in lieu of monetary rent) does not constitute an “office.” The office is not required to be the headquarters for the business but it must be capable of providing all the services to operate the business for which SBE certification is sought. An arrangement for the right to use office space on an “as needed” basis where there is no office exclusively reserved for the business does not qualify as an office. The prospective SBE must submit a rental agreement for the office space, rent receipt or cancelled checks for rent payments. If the office space is owned by the prospective SBE, the business must submit property tax or a deed documenting ownership of the office.

Project Area Small Business Enterprise means a business that meets the above-definition of Small Business Enterprise and that: (a) has fixed offices located within the geographical boundaries of a Redevelopment Project or Survey Area where a commercially useful function is performed; (b) is listed in the Permits and License Tax Paid File with a Project Area or Survey Area business street address; (c) possesses a current Business Tax Registration Certificate at the time of the application for certification as a SBE; (d) has been located and doing business in a Project Area or Survey Area for at least six months preceding its application for certification as a SBE; and (e) has a Project Area or Survey Area office in which business is transacted that is appropriately equipped for the type of business for which the enterprise seeks certification as a SBE. Post office box numbers of residential addresses alone shall not suffice to establish a firms’ location in a Project Area or Survey Area.

Project Area means an area of San Francisco that meets the requirements under Community Redevelopment Law, Health and Safety Code Section 33320.1. These areas currently include the Bayview Industrial Triangle, Bayview Hunters Point (Area B), Hunters Point Shipyard, Mission Bay (North), Mission Bay (South), Rincon Point/South Beach, South of Market, and Transbay.

San Francisco-based Small Business Enterprise means a SBE that: (a) has fixed offices located within the geographical boundaries of the City where a commercially useful function is performed; (b) is listed in the Permits and License Tax Paid File with a San Francisco business street address; (c) possesses a current Business Tax Registration Certificate at the time of the application for certification as a SBE; (d) has been located and doing business in the City for at least six months preceding its application for certification as a SBE; and (e) has a San Francisco office in which business is transacted that is appropriately equipped for the type of business for which the enterprise seeks certification as a SBE. Post office box numbers or residential addresses alone shall not suffice to establish a firm’s status as local.

Small Business Enterprise (SBE) means an economically disadvantaged business that is certified by another public entity (either municipal, State, or federal agency) that considers the certification criteria stipulated in this Policy. In general, such criteria shall include a determination by the public entity as to whether an economically disadvantaged business is an independent and continuing business for profit; performs a commercially useful function; is owned and controlled by persons residing in the United States or its territories; and has average gross annual receipts in at least the three years (and no more than five years, if practiced by the public entity) immediately preceding its application for certification as a SBE that do not exceed the following limits:

Industry	OCH SBE Size Standard
Construction Contractors	\$24,000,000
Specialty Construction Contractors	\$14,000,000
Suppliers (goods/materials/ equipment and general services)	\$12,000,000

Professional Services	\$5,000,000
Trucking	\$5,000,000

In addition, an economically disadvantaged business shall meet the other certification criteria described in Exhibit I of the SBE Policy in order to be considered an SBE by the Agency.

In order to determine whether or not a firm meets the above economic size definitions, the Agency will use the firm's most recent business tax returns (i.e., 1040 with Schedule C for Sole Proprietorships, 1065s with K-1s for Partnerships, and 1120s for Corporations) to calculate the firm's average annual gross receipts. In addition, the calculation of a firm's size shall include the receipts of all affiliates.

Once a business reaches the average size threshold for the applicable industry the business ceases to be economically disadvantaged, it is not an eligible SBE and it will not be counted towards meeting SBE contracting requirements (or goals).

Specialty Construction Contractor means a contractor licensed by the Contractors State License Board under the "C" classification license pursuant to California Business and Professions Code Section 7058.

Survey Area means an area of San Francisco that meets the requirements of the Community Redevelopment Law, Health and Safety Code Section 33310. These areas currently include the Bayview Hunters Point Redevelopment Survey Area C.

XI. GOOD FAITH EFFORTS TO MEET SBE GOALS Compliance with the following steps will be the basis for determining if the Agency-Assisted Contractor and/or Consultant has made good faith efforts to meet the goals for SBEs:

A. Outreach. Not less than 30 days prior to the opening of bids or the selection of contractors, the Agency-Assisted Contractor or Contractor shall:

1. **Advertise.** Advertise for SBEs interested in competing for the contract, in general circulation media, trade association publications, including timely use of the ***Bid and Contract Opportunities*** newsletter published by the City and County of San Francisco Purchasing Department and media focused specifically on SBE businesses such as the ***Small Business Exchange***, of the opportunity to submit bids or proposals and to attend a pre-bid meeting to learn about contracting opportunities.

2. **Request List of SBEs.** Request from the Agency's Contract Compliance Department a list of all known SBEs in the pertinent field(s), particularly those in the Project and Survey Areas and provide written notice to all of them of the opportunity to bid for contracts and to attend a pre-bid or pre-solicitation meeting to learn about contracting opportunities.

B. Pre-Solicitation Meeting. For construction contracts estimated to cost \$5,000 or more, hold a pre-bid meeting for all interested contractors not less than 15 days prior to the opening of bids or the selection of contractors for the purpose answering questions about the selection process and the specifications and requirements. Representatives of the Contract Compliance Department will also participate.

C. Follow-up. Follow up initial solicitations of interest by contacting the SBEs to determine with certainty whether the enterprises are interested in performing specific items involved in work.

D. Subdivide Work. Divide, to the greatest extent feasible, the contract work into small units to facilitate SBE participation, including, where feasible, offering items of the contract work which the Contractor would normally perform itself.

E. Provide Timely and Complete Information. The Agency-Assisted Contractor or Contractor shall provide SBEs with complete, adequate and ongoing information about the plans, specifications and requirements of construction work, service work and material supply work. This paragraph does not require the Agency-Assisted Contractor or Contractor to give SBEs any information not provided to other contractors. This paragraph does require the Agency Assisted Contractor and Contractor to answer carefully and completely all reasonable questions asked by SBEs and to undertake every good faith effort to ensure that SBEs understand the nature and the scope of the work.

F. Good Faith Negotiations. Negotiate with SBEs in good faith and demonstrate that SBEs were not rejected as unqualified without sound reasons based on a thorough investigation of their capacities.

G. Bid Shopping Prohibited. Prohibit the shopping of the bids. Where the Agency-Assisted Contractor or Contractor learns that bid shopping has occurred, it shall treat such bid shopping as a material breach of contract.

H. Other Assistance. Assist SBEs in their efforts to obtain bonds, lines of credit and insurance. (Note that the Agency has a Surety Bond Program that may assist SBEs in obtaining necessary bonding.) The Agency-Assisted Contractor or Contractor(s) shall require no more stringent bond or insurance standards of SBEs than required of other business enterprises.

I. Delivery Scheduling. Establish delivery schedules which encourage participation of SBEs.

J. Utilize SBEs as Lower Tier Subcontractors. The Agency-Assisted Contractor and its Contractor(s) shall encourage and assist higher tier subcontractors in undertaking good faith efforts to utilize SBEs as lower tier subcontractors.

K. Maximize Outreach Resources. Use the services of SBE associations, federal, state and local SBE assistance offices and other organizations that provide assistance in the recruitment and placement of SBEs, including the Small Business Administration and the Business Development Agency of the Department of Commerce. However, only SBEs certified by the Agency shall count towards meeting the participation goal.

L. Replacement of SBE. If during the term of this SBE Agreement, it becomes necessary to replace any subcontractor or supplier, the Agency's Contract Compliance Specialist should be notified prior to replacement due to the failure or inability of the subcontractor or supplier to perform the required services or timely delivery the required supplies, then First Consideration should be given to a certified SBE, if available, as a replacement.

XII. ADDITIONAL PROVISIONS

A. No Retaliation. No employee shall be discharged or in any other manner discriminated against by the Agency-Assisted Contractor or Contractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding under or relating to enforcement of this Agreement.

B. No Discrimination. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, creed, national origin or ancestry, sex, gender identity, age, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS status) in the performance of an Agency-Assisted Contract or Contract. The Agency-Assisted Contractor or Contractor will ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, creed, national origin or ancestry, sex, gender identity, age, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS

status) or other protected class status. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; selection for training, including apprenticeship; and provision of any services or accommodations.

C. Compliance with Prompt Payment Statute. Construction contracts and subcontracts awarded for \$5,000 or more shall contain the following provision:

“Amounts for work performed by a subcontractor shall be paid within seven (7) days of receipt of funds by the contractor, pursuant to California Business and Professions Code Section 7108.5 *et seq.* Failure to include this provision in a subcontractor or failure to comply with this provision shall constitute an event of default which would permit the Agency to exercise any and all remedies available to it under contract, at law or in equity.”

In addition to and not in contradiction to the Prompt Payment Statute (California Business and Professions Code Section 7108.5 *et seq.*), if a dispute arises which would allow a Contractor to withhold payment to a subcontractor due to a dispute, the Contractor shall only withhold that amount which directly relates to the dispute and shall promptly pay the remaining undisputed amount, if any.

D. Submission Of Electronic Certified Payrolls. For any Agency-Assisted Contract which requires the submission of certified payroll reports, the requirements of Section VII of the Agency’s Small Business Enterprise Policy shall apply. Please see the Small Business Enterprise Policy for more details.

XIII. PROCEDURES

A. Notice to Agency. The Agency-Assisted Contractor or Contractor(s) shall provide the Agency with the following information within 10 days of awarding a contract or selecting subconsultant:

1. the nature of the contract, e.g. type and scope of work to be performed;
2. the dollar amount of the contract;
3. the name, address, license number, gender and ethnicity of the person to whom the contract was awarded; And
4. SBE status of each subcontractor or subconsultant.

B. Affidavit. If the Agency-Assisted Contractor or Contractor(s) contend that the contract has been awarded to a SBE, the Agency-Assisted Contractor or Contractor(s) shall, at the same time also submit to the Agency a SBE Application for Certification and its accompanying Affidavit completed by the SBE owner. However, a SBE that was previously certified by the Agency shall submit only the short SBE Eligibility Statement.

C. Good Faith Documentation. If the 50% SBE Participation Goals are not met in each category (Construction, Professional Services and Suppliers), the Agency-Assisted Contractor or Contractor(s) shall meet and confer with the Agency at a date and time set by the Agency. If the issue of the Agency-Assisted Contractor’s or Contractor’s good faith efforts is not resolved at this meeting, the Agency-Assisted Contractor or Contractor shall submit to the Agency within five (5) days, a declaration under penalty of perjury containing the following documentation with respect to the good faith efforts (“**Submission**”):

1. A report showing the responses, rejections, proposals and bids (including the amount

of the bid) received from SBEs, including the date each response, proposal or bid was received. This report shall indicate the action taken by the Agency-Assisted Contractor or Contractor(s) in response to each proposal or bid received from SBEs, including the reasons(s) for any rejections.

2. A report showing the date that the bid was received, the amount bid by and the amount to be paid (if different) to the non-SBE contractor that was selected. If the non-SBE contractor who was selected submitted more than one bid, the amount of each bid and the date that each bid was received shall be shown in the report. If the bidder asserts that there were reasons other than the respective amounts bid for not awarding the contract to an SBE, the report shall also contain an explanation of these reasons.

3. Documentation of advertising for and contacts with SBEs, contractor associations or development centers, or any other agency which disseminates bid and contract information to small business enterprises.

4. Copies of initial and follow-up correspondence with SBEs, contractor associations and other agencies, which assist SBEs.

5. A description of the assistance provided SBE firms relative to obtaining and explaining plans, specifications and contract requirements.

6. A description of the assistance provided to SBEs with respect to bonding, lines of credit, etc.

7. A description of efforts to negotiate or a statement of the reasons for not negotiating with SBEs.

8. A description of any divisions of work undertaken to facilitate SBE participation.

9. Documentation of efforts undertaken to encourage subcontractors to obtain small business enterprise participation at a lower tier.

10. A report which shows for each private project and each public project (without a SBE program) undertaken by the bidder in the preceding 12 months, the total dollar amount of the contract and the percentage of the contract dollars awarded to SBEs and the percentage of contract dollars awarded to non-SBEs.

11. Documentation of any other efforts undertaken to encourage participation by small business enterprises.

D. Presumption of Good Faith Efforts. If the Agency-Assisted Contractor or Contractor(s) achieves the Participation Goals, it will not be required to submit Good Faith Effort documentation.

E. Waiver. Any of the SBE requirements may be waived if the Agency determines that a specific requirement is not relevant to the particular situation at issue, that SBEs were not available, or that SBEs were charging an unreasonable price.

F. SBE Determination. The Agency shall exercise its reasonable judgment in determining whether a business, whose name is submitted by the Agency-Assisted Contractor or Contractor(s) as a SBE, is owned and controlled by a SBE. A firm's appearance in any of the Agency's current directories will be considered by the Agency as prima facie evidence that the firm is a SBE. Where the Agency-Assisted Contractor or Contractor(s) makes a submission the Agency shall make a determination, as to

whether or not a business which the Agency-Assisted Contractor or Contractor(s) claims is a SBE is in fact owned and controlled by San Francisco-based SBEs. If the Agency determines that the business is not a SBE, the Agency shall give the Agency-Assisted Contractor or Contractor a Notice of Non-Qualification and provide the Agency-Assisted Contractor or Contractor with a reasonable period (not to exceed 20 days) in which to meet with the Agency and if necessary make a Submission, concerning its good faith efforts. If the Agency-Assisted Contractor or Contractor disagrees with the Agency's Notice of Non-Qualification, the Agency-Assisted Contractor or Contractor may request arbitration pursuant to Section XIII.

G. Agency Investigation. Where the Agency-Assisted Contractor or Contractor makes a Submission and, as a result, the Agency has cause to believe that the Agency-Assisted Contractor or Contractor has failed to undertake good faith efforts, the Agency shall conduct an investigation, and after affording the Agency-Assisted Contractor or Contractor notice and an opportunity to be heard, shall recommend such remedies and sanctions as it deems necessary to correct any alleged violation(s). The Agency shall give the Agency-Assisted Contractor or Contractor a written Notice of Non-Compliance setting forth its findings and recommendations. If the Agency-Assisted Contractor or Contractor disagrees with the findings and recommendations of the Agency as set forth in the Notice of Non-Compliance, the Agency-Assisted Contractor or Contractor may request arbitration pursuant to this SBE Agreement.

XIV. ARBITRATION OF DISPUTES.

A. Arbitration by AAA. Any dispute regarding this SBE Agreement shall be determined by arbitration through the American Arbitration Association, San Francisco, California office ("AAA") in accordance with the Commercial Rules of the AAA then applicable, but subject to the further revisions thereof. The arbitration shall take place in the City and County of San Francisco.

B. Demand for Arbitration. Where the Agency-Assisted Contractor or Contractor disagrees with the Agency's Notice of Non-Qualification or Notice of Non-Compliance, **the Agency-Assisted Contractor or Contractor shall have seven (7) business days, in which to file a Demand for Arbitration,** unless otherwise stipulated by the parties. The Demand for Arbitration shall contain at a minimum: (1) a cover letter demanding arbitration under this provision and identifying any entities believed to be involved in the dispute; (2) a copy of the Notice of Non-Qualification or Notice of Non-Compliance; and (3) any written response to the Notice of Non-Qualification or Notice of Non-Compliance. If the Agency-Assisted Contractor and Contractor fail to file a timely Demand for Arbitration, the Agency-Assisted Contractor and Contractor shall be deemed to have accepted and to be bound by the finding of Non-Qualification or the findings and recommendations contained in the Notice of Non-Compliance.

C. Parties' Participation. The Agency and all persons or entities who have a contractual relationship affected by the dispute shall be made an Arbitration Party. Any such person or entity not made an Arbitration Party in the Demand for Arbitration may intervene as an Arbitration Party and in turn may name any other such person or entity as an Arbitration Party, provided however, that the Agency-Assisted Contractor or Contractor made an initial timely Demand for Arbitration pursuant to Section XIII.B. above.

D. Agency Request to AAA. Within seven (7) business days after service of a Demand for Arbitration, the Agency shall transmit to AAA a copy of the Demand for Arbitration, the Notice of Non-Qualification or Notice of Non-Compliance, and any written response thereto from the affected party. Such material shall be made part of the arbitration record.

E. Selection of Arbitrator. One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators from AAA by the parties to the arbitration in accordance with the AAA rules. The parties shall act diligently in this regard. If the Arbitration Parties fail to agree on an arbitrator within seven (7) days from the receipt of the panel, AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be that person's agreement to render a decision within ninety (90) days from the arbitrator's fulfillment of the disclosure requirements set forth in California Code of Civil Procedure Section 1281.9.

F. Setting of Arbitration Hearing. A hearing shall be held within ninety (90) days of the date of the filing of the Request, unless otherwise agreed by the parties. The arbitrator shall set the date, time and place for the arbitration hearing(s) within the prescribed time periods by giving notice by hand delivery or first class mail to each Arbitration Party.

G. Discovery. In arbitration proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05.

H. Burden of Proof. The burden of proof with respect to SBE status and/or Good Faith Efforts shall be on the Agency-Assisted Contractor and/or Contractor. The burden of proof as to all other alleged breaches by the Agency-Assisted Contractor and/or Contractor shall be on the Agency.

I. California Law Applies. Except where expressly stated to the contrary in this SBE Agreement, California law, including the California Arbitration Act, Code of Civil Procedure §§ 1280 through 1294.2, shall govern all arbitration proceedings.

J. Arbitration Remedies and Sanctions. The arbitrator may impose only the remedies and sanctions set forth below:

1. Order specific, reasonable actions and procedures, in the form of a temporary restraining order, preliminary injunction or permanent injunction, to mitigate the effects of the non-compliance and/or to bring any non-compliant Arbitration Party into compliance.

2. Require any Arbitration Party to refrain from entering into new contracts related to work covered by the Agency-Assisted Contract or this SBE Agreement, or from granting extensions or other modifications to existing contracts related to services covered by the Agency-Assisted Contract or this SBE Agreement, other than those minor modifications or extensions necessary to enable compliance with this SBE Agreement.

3. Direct any Arbitration Party to cancel, terminate, suspend or cause to be cancelled, terminated or suspended, any contract or portion(s) thereof for failure of any party to the arbitration to comply with any of the SBE Program requirements in the Agency-Assisted Contract or this SBE Agreement. Contracts may be continued upon the condition that a program for future compliance is approved by the Agency.

4. If any Arbitration Party is found to be in willful breach of its obligations hereunder, the arbitrator may impose a monetary sanction not to exceed Fifty Thousand Dollars (\$50,000.00) or ten percent (10%) of the base amount of the breaching party's contract, whichever is less, for each such willful breach; provided that, in determining the amount of any monetary sanction to be assessed, the arbitrator shall consider the financial capacity of the breaching party. No monetary sanction shall be imposed pursuant to this paragraph for the first willful breach of this SBE Agreement unless the breaching party has failed to cure after being provided notice and a reasonable opportunity to cure. Monetary sanctions may be imposed for subsequent willful breaches by any Arbitration Party whether or not the breach is subsequently cured. For purposes of this paragraph, "willful breach" means a knowing

and intentional breach.

5. Direct any Arbitration Party to produce and provide to the Agency any records, data or reports which are necessary to determine if a violation has occurred and/or to monitor the performance of any Arbitration Party.

K. Arbitrator's Decision. The arbitrator shall make his or her award within twenty (20) days after the date that the hearing is completed; provided that where a temporary restraining order is sought, the arbitrator shall make his or her award not later than twenty-four (24) hours after the hearing on the motion. The arbitrator shall send the decision by certified or registered mail to each Arbitration Party.

L. Default Award; No Requirement to Seek an Order Compelling Arbitration. The arbitrator may enter a default award against any person or entity who fails to appear at the hearing, provided that: (1) said person or entity received actual notice of the hearing; and (2) the complaining party has a proof of service for the absent person or entity. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy pursuant to Code of Civil Procedure §1281.2.

M. Arbitrator Lacks Power to Modify. Except as otherwise provided, the arbitrator shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of the Agency-Assisted Contract, this SBE Agreement or any other agreement between the Agency, the Agency-Assisted Contractor or Contractor or to negotiate new agreements or provisions between the parties.

N. Jurisdiction/Entry of Judgment. The inquiry of the arbitrator shall be restricted to the particular controversy which gave rise to the Demand for Arbitration. A decision of the arbitrator issued hereunder shall be final and binding upon all Arbitration Parties. The non-prevailing Arbitration Party(ies) shall pay the arbitrator's fees and related costs of arbitration (or reimburse the Arbitration Parties that advanced such arbitration fees and costs). Each Arbitration Party shall pay its own attorneys' fees, provided, however, that attorneys' fees may be awarded to the prevailing party if the arbitrator finds that the arbitration action was instituted, litigated, or defended in bad faith. Judgment upon the arbitrator's decision may be entered in any court of competent jurisdiction.

O. Exculpatory Clause. Agency-Assisted Contractor or Contractor (regardless of tier) expressly waive any and all claims against the Agency for damages, direct or indirect, including, without limitation, claims relative to the commencement, continuance and completion of construction and/or providing professional and consulting services ("the Work"). Agency-Assisted Contractor or Contractor (regardless of tier) acknowledge and agree that the procedures set forth herein for dealing with alleged breaches or failure to comply with the obligations and requirements of this SBE Agreement are reasonable and have been anticipated by the parties in securing financing, in inviting, submitting and receiving bids and proposals for the planning, design and construction of the improvements and in determining the times for commencement and completion of the planning, design and construction and/or for providing consulting, professional or personal services.

P. Severability. The provisions of this SBE Agreement are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this SBE Agreement or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this SBE Agreement or the validity of their application to other persons or circumstances.

Q. Arbitration Notice: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE

"ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Agency

Agency-Assisted Contractor

XV. AGREEMENT EXECUTION

I, hereby certify that I have authority to execute this SBE Agreement on behalf of the business, organization or entity listed below and that it will use good faith efforts to comply with the Agency's 50% SBE Participation Goals. I declare under penalty of perjury under the laws of the State of California that the above statement is true and correct.

Transbay 2 Family, L.P.,
a California limited partnership

Managing General Partner:

Transbay 2 Family LLC,
a California limited liability company

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Ramie Dare
Vice President

ATTACHMENT 9-2

CONSTRUCTION WORKFORCE AGREEMENT

I. **PURPOSE.** This Agreement is entered into between the Office of Community Investment and Infrastructure (“OCII” or “Agency”), as successor agency to the San Francisco Redevelopment Agency, and Owner (who for this purposes of this Attachment 9-2 shall be the Tenant as defined under the Lease to which this document is an Attachment), for the purposes of ensuring participation of San Francisco residents and equal employment opportunities in the construction work force involved in constructing any of the phases upon the Site covered by the underlying agreement to which this Agreement is attached hereto.

II. **DEFINITIONS.**

The following definitions apply to this Agreement.

- A. “CityBuild” means the construction employment program of the Workforce Development Division of the San Francisco Office of Economic and Workforce Development (OEWD).
- B. "Contract" means any agreement in excess of \$10,000 between the Owner, its Contractors and a person to provide or procure labor, materials or services for the construction of the Improvements, including a purchase order that requires installation of materials.
- C. "Contractor" means the Owner's general contractor, all prime contractors and all subcontractors (regardless of tier) having a Contract or subcontract in excess of \$10,000 and who employ persons in a Trade for construction of the Improvements.
- D. "Improvements" has the meaning set out in the Lease to which this Attachment 9-2 is attached.
- E. “Project Area Resident” means a San Francisco Resident who resides in a redevelopment area under the management of OCII.
- F. "San Francisco Resident" in the case of a new hire shall mean an individual who has lived in San Francisco for at least one week prior to submitting his/her initial application for employment to work on the Improvements. In the case of a person employed by the Owner or its Contractor or Consultant prior to assignment to the Improvements, this term shall mean a person who has lived in San Francisco for at least six months prior to the date he/she applied for a transfer to a position at the Improvements or the date he/she was assigned to work on the Improvements, whichever is earlier; or a person who establishes, to the satisfaction of the Agency, that he/she lived in San Francisco prior to applying for or being considered for a position with the Owner, Contractor or Consultant.

III. **WORK FORCE GOALS.**

The Owner agrees and will require each Contractor and all subcontractors to use good faith efforts to employ 50 percent of its construction workforce hires by trade and by hours from qualified San Francisco Residents with first consideration given to Project Area Residents. Owner and Contractors will be deemed in compliance with this Agreement and the Policy by meeting or exceeding the goal or by demonstrating good faith efforts toward compliance.

IV. GOOD FAITH EFFORTS.

A. Submission of Labor Force Projections and Other Data

The Contractor shall submit, to the extent available, labor force projections to the OCII Compliance Officer, or its agent, within two (2) weeks of contract award.

B. Submit Subcontractor Information Form

The Contractor shall submit to the Compliance Officer, or its agent, the Subcontractor Information Forms, twenty-four (24) hours prior to the preconstruction meeting. The Subcontractor Information Forms are available from the Compliance Officer upon request.

C. Preconstruction Meeting

The Contractor shall hold a preconstruction meeting which shall be attended by the Compliance Officer, CityBuild, all prime contractor(s) and all subcontractor(s). The preconstruction meeting shall be scheduled between two (2) days and thirty (30) days prior to the start of construction at a time and place convenient to all attendees. The purpose of the meeting is to discuss: the hiring goals, workforce composition, worker referral process, certified payroll reporting, procedure for termination and replacement of workers covered by this Agreement and to explore any anticipated problems in complying with the Agreement. All questions regarding how this Agreement applies to the Owner, Contractor, subcontractors and consultants should be answered at this meeting. Failure to hold or attend at least one (1) preconstruction meeting will be a breach of the Policy and this Agreement that may result in the Agency ordering a suspension of work until the breach has been cured. Suspension under this provision is not subject to arbitration.

D. Submit Construction Worker Request Form

For the Term of the Agreement, each time the Owner or Contractor seeks to hire workers for the construction or rehabilitation of improvements, they must first submit, by fax, email or hand delivery, an executed construction worker request form to CityBuild. Preferably this request will be submitted at least two (2) business days before the workers are needed. However, requests with less than two (2) business days notice will be accepted. The construction worker request form will indicate generally: the number of workers needed, duration needed, required skills or trade and date/time to report. The construction worker request form is available from the Compliance Officer upon request.

E. Response from CityBuild

CityBuild shall respond, in writing, via fax, email or hand delivery to each request for construction workers. The response shall state that CityBuild was able to satisfy the request in full, in part or was unable to satisfy the request. CityBuild shall look to their own referral lists, as well as confer with CBOs in an attempt to find qualified Project Area Residents and San Francisco Residents. If CityBuild is able to satisfy the request in full or in part, it shall direct the qualified Project Area Resident(s) or San Francisco Resident(s) to report to the Contractor on the date and time indicated in the request. If CityBuild is unable to satisfy the request, then CityBuild shall send a fax or email stating that no qualified Project Area Residents or San Francisco Residents are currently available.

F. Action by Contractor When Referrals Available

The Owner or Contractor whose request has been satisfied in full or in part shall make the final determination of whether the Project Area Residents or San Francisco Residents are qualified for the positions and the ultimate hiring decision. The Agency strongly encourages the Contractor to hire the qualified Project Area Residents or San Francisco Residents referred by CityBuild. However, if the Contractor finds the Project Area Residents or San Francisco Residents are not qualified, then the Contractor shall send the Project Area Residents or San Francisco Residents back to CityBuild. Before the close of business on the same day, the Contractor shall fax or email a statement addressed to CityBuild stating in detail the reason(s) the Project Area Residents or San Francisco Residents were not qualified or the reason(s) for not hiring the Project Area Residents or San Francisco Residents. CityBuild shall, within one (1) business day of receipt of the fax or email, send new qualified Project Area Residents or San Francisco Residents that meet the legitimate qualifications set by the Contractor or alternatively, send a fax or email stating that no qualified Project Area Residents or San Francisco Residents are currently available.

G. Action by Contractor When Referrals Unavailable

If a Contractor receives a response from CityBuild stating that no qualified Project Area Residents or San Francisco Residents are currently available, then the Contractor may hire the number of construction workers requested from CityBuild, using its own recruiting methods, giving first consideration to Project Area Residents and then San Francisco Residents. Any additional new construction workforce hires (including the replacement of any terminated workers) must comply with this Policy, unless the Contractor has already met or exceeded the goal. The Contractor must keep a copy of the response it receives from CityBuild as proof of compliance and submit a copy of each response received to the Compliance Officer upon request.

H. Action by Contractor When No Response From CityBuild

If a Contractor has not received a response to its construction worker request from CityBuild within two (2) business days, then the Contractor should immediately advise the Compliance Officer by phone, fax or email. The Compliance Officer or his/her designee shall cause a response to be sent to the Contractor within two (2)

business days of being notified. If the Contractor does not receive a response from CityBuild within four (4) business days (the original two (2) business days plus the additional two (2) business days), then the Contractor may hire the number of construction workers requested from CityBuild, using its own recruiting methods, giving first consideration to Project Area Residents and then San Francisco Residents. Any construction workforce hires (including the replacement of any terminated workers) must comply with this Policy, unless the Contractor has already met or exceeded the goal. The Contractor must keep a copy of the response it receives from CityBuild as proof of compliance and submit a copy of each response received to the Compliance Officer upon request. This Policy is intended to provide qualified Project Area and San Francisco Residents with employment opportunities without causing undue delay in hiring needed construction workers.

I. Action by Contractor When No Response From Union

The Contractor should immediately advise the Compliance Officer by phone, fax or email when the Contractor has sent a qualified Project Area Resident or San Francisco Resident to a union hall for referral in accordance with a collective bargaining agreement and the union did not refer the qualified Project Area or San Francisco Resident back for employment or when the union referral process impedes the Contractor's ability to meet its obligations under this Policy. Nothing in this Policy shall be interpreted to interfere with or prohibit existing labor agreements or collective bargaining agreements.

J. Hiring Apprentices

A Contractor may meet part of the Construction Workforce Goal by hiring apprentices. However, hiring an apprentice does not satisfy or waive the trainee hiring obligation, if any, for design professionals. Unless otherwise permitted by law, apprentices must be trained pursuant to training programs approved by the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training or the California Department of Industrial Relations, Division of Apprenticeship Standards. Credit towards compliance will only be given for paid apprentices actually working on the project. No credit is available for apprentices while receiving class room training. Under no circumstances shall the ratio of apprentices to journeymen in a particular trade or craft exceed 1:5.

K. Termination and Replacement of Referrals

If at any time it becomes necessary to terminate for cause a construction worker who was hired under this Policy, the Contractor shall notify CityBuild in writing via fax or email and submit a report of termination pursuant to Section (B)(4). If the Contractor intends to fill the vacant position, then the Contractor shall follow the process set forth in this Policy beginning at Section (A)(6).

V. REPORTING REQUIREMENTS.

A. Submission of Certified Payroll Reports

Each Contractor subject to this Policy shall submit to the Agency a certified payroll report for the preceding work week on each of its employees. The Owner is ultimately responsible for the submission of these reports by the Contractors. The certified payroll report is due to the Agency by noon each Wednesday. To facilitate compliance, the Agency uses an online Project Reporting System (PRS) for submission of certified payroll reports. This system is available at no cost to the Contractor. Training and educational materials for PRS are available at no cost online and through the Compliance Officer. Contractors are required to report certified payroll using PRS. However, a waiver may be granted to any Contractors who do not have a computer or online access.

B. Additional Information

In order to prevent unlawful discrimination in the selection, hiring and termination of employees on the basis of race, ethnicity, gender or any other basis prohibited by law and to identify and correct such unlawful practices, the Agency will monitor and collect information on the ethnicity and gender of each construction worker and apprentice. If an identifiable pattern of apparent discrimination is revealed by this additional information, it will be treated as a breach of this Policy and may be addressed as set forth in the arbitration provisions included in Agency contracts.

C. Report on Terminations

In the event a Project Area Resident or San Francisco Resident hired pursuant to this Policy is terminated for cause, the responsible Contractor shall within two (2) days fax or email a termination report to CityBuild with a copy to the Compliance Officer stating in detail: (1) the name of the worker(s) terminated; (2) his/her job title and duties; (3) the reasons and circumstances leading to the termination(s); (4) whether the Contractor replaced the construction worker(s); and (5) whether the replacement worker(s) were Project Area Resident(s) or San Francisco Resident(s).

D. Inspection of Records

The Owner and each Contractor shall make the records required under this Agreement available for inspection or copying by authorized representatives of the Agency and its designated Compliance Officer, and shall permit such representatives to interview construction workers and apprentices during working hours on the job.

E. Failure to Submit Reports

If a Contractor fails or refuses to provide the reports as required it will be treated as a breach of this Agreement and the Policy, and may be addressed under arbitration provisions pursuant to Article VII (Arbitration of Disputes) of this Agreement.

F. Submission of Good Faith Effort Documentation

If the Owner's or Contractor's good faith efforts are at issue, the Contractor shall provide the Agency or its designated Compliance Officer with the documentation of its efforts to comply with this Policy and the Agreement. The Owner or Contractor must maintain a current file of the names, addresses and telephone numbers of each Project Area Resident or San Francisco Resident applicant referral (whether a self-referral or a referral from a union, CBO or CityBuild referral) and what action was taken with respect to each such individual.

G. Coding Certified Payrolls

Each Contractor shall include, on the weekly payroll submissions, the proper job classification (as approved by the California Department of Industrial Relations), apprentice's craft (if applicable), skill level, protected class status, and domicile of each construction worker.

VI. RECORDKEEPING REQUIREMENTS.

Contractor shall comply with the requirements of California Labor Code Section 1776, as amended, regarding the keeping, filing and furnishing of certified copies of payroll records of wages paid to its employees and to the employees of its subcontractors of all tiers.

In addition, each Contractor shall keep, or cause to be kept, for a period of four years from the date of substantial completion of Improvements, certified payroll and basic records, including time cards, tax forms, and superintendent and foreman daily logs, for all workers within each trade performing work on the Improvements. Such records shall include the name, address and social security number of each worker who worked on the covered project, his or her classification, a general description of the work each worker performed each day, the apprentice or journey-level status of each worker, daily and weekly number of hours worked, the self-identified race, gender, and ethnicity of each worker, whether or not the worker was a local resident or disadvantaged worker, and the referral source or method through which the Contractor hired or retained that worker for work on the Improvements (e.g., core workforce, name call, union hiring hall, City-designated referral source, or recruitment or hiring method). Contractor may verify that a worker is a local resident through the worker's possession of a valid SF City ID Card or other government-issued identification. OCII may require additional records to be kept with regard to Contractor's compliance with this Agreement. All records described in this section shall at all times be open to inspection and examination by the duly authorized officers and agents of OCII, including representatives of the OEWD.

VII. ARBITRATION OF DISPUTES.

- A. Arbitration by AAA. Any dispute regarding this Construction Work Force Agreement shall be determined by arbitration through the American Arbitration Association, San Francisco, California office ("AAA") in accordance with the Commercial Rules of the AAA then applicable, but subject to the further revisions thereof. The arbitration shall take place in the City and County of San Francisco.

- B. **Demand for Arbitration.** Where the Owner disagrees with the Agency's Notice of Non-Qualification or Notice of Non-Compliance, **the Owner shall have seven (7) business days, in which to file a Demand for Arbitration,** unless otherwise stipulated by the parties. The Demand for Arbitration shall contain at a minimum: (1) a cover letter demanding arbitration under this provision and identifying entities believed to be involved in the dispute; (2) a copy of the Notice of Non-Qualification or Notice of Non-Compliance; and (3) any written response to the Notice of Non-Qualification or Notice of Non-Compliance. If the Owner fails to file a timely Demand for Arbitration, the Owner shall be deemed to have accepted and to be bound by the finding of Non-Qualification or the findings and recommendations contained in the Notice of Non-Compliance.
- C. **Parties' Participation.** The Agency and all persons or entities that have a contractual relationship affected by the dispute shall be made an Arbitration Party. Any such person or entity not made an Arbitration Party in the Demand for Arbitration may intervene as an Arbitration Party and in turn may name any other such person or entity as an Arbitration Party, provided however, that the Owner made an initial timely Demand for Arbitration pursuant to Section VII.B. above.
- D. **Agency Request to AAA.** Within seven (7) business days after service of a Demand for Arbitration, the Agency shall transmit to AAA a copy of the Demand for Arbitration, the Notice of Non-Qualification or Notice of Non-Compliance, and any written response thereto from the affected party. Such material shall be made part of the arbitration record.
- E. **Selection of Arbitrator.** One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators from AAA by the parties to the arbitration in accordance with the AAA rules. The parties shall act diligently in this regard. If the Arbitration Parties fail to agree on an arbitrator within seven (7) days from the receipt of the panel, AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be that person's agreement to render a decision within ninety (90) days from the arbitrator's fulfillment of the disclosure requirements set forth in California Code of Civil Procedure Section 1281.9.
- F. **Setting of Arbitration Hearing.** A hearing shall be held within ninety (90) days of the date of the filing of the Request, unless otherwise agreed by the parties. The arbitrator shall set the date, time and place for the arbitration hearing(s) within the prescribed time periods by giving notice by hand delivery or first class mail to each Arbitration Party.
- G. **Discovery.** In arbitration proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05.
- H. **Burden of Proof.** The burden of proof with respect to Construction Work Force compliance and/or Good Faith Efforts shall be on the Owner. The burden of proof as to all other alleged breaches by the Owner shall be on the Agency.

- I. **California Law Applies.** Except where expressly stated to the contrary in this Construction Work Force Agreement, California law, including the California Arbitration Act, Code of Civil Procedure §§ 1280 through 1294.2, shall govern all arbitration proceedings.
- J. **Arbitration Remedies and Sanctions.** The arbitrator may impose only the remedies and sanctions set forth below:
1. Order specific, reasonable actions and procedures, in the form of a temporary restraining order, preliminary injunction or permanent injunction, to mitigate the effects of the non-compliance and/or to bring any non-compliant Arbitration Party into compliance.
 2. Require any Arbitration Party to refrain from entering into new contracts related to work covered by the Owner or this Construction Work Force Agreement, or from granting extensions or other modifications to existing contracts related to services covered by the Owner or this Construction Work Force Agreement, other than those minor modifications or extensions necessary to enable compliance with this Construction Work Force Agreement.
 3. Direct any Arbitration Party to cancel, terminate, suspend or cause to be cancelled, terminated or suspended, any contract or portion(s) thereof for failure of any party to the arbitration to comply with any of the Agency's Work Force policy requirements. Contracts may be continued upon the condition that a program for future compliance is approved by the Agency.
 4. If any Arbitration Party is found to be in willful breach of its obligations hereunder, the arbitrator may impose a monetary sanction not to exceed Fifty Thousand Dollars (\$50,000.00) or ten percent (10%) of the base amount of the breaching party's contract, whichever is less, for each such willful breach; provided that, in determining the amount of any monetary sanction to be assessed, the arbitrator shall consider the financial capacity of the breaching party. No monetary sanction shall be imposed pursuant to this paragraph for the first willful breach of this Construction Work Force Agreement unless the breaching party has failed to cure after being provided notice and a reasonable opportunity to cure. Monetary sanctions may be imposed for subsequent willful breaches by any Arbitration Party whether or not the breach is subsequently cured. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.
 5. Direct any Arbitration Party to produce and provide to the Agency any records, data or reports which are necessary to determine if a violation has occurred and/or to monitor the performance of any Arbitration Party.
- K. **Arbitrator's Decision.** The arbitrator shall make his or her award within twenty (20) days after the date that the hearing is completed; provided that where a temporary restraining order is sought, the arbitrator shall make his or her award not

later than twenty-four (24) hours after the hearing on the motion. The arbitrator shall send the decision by certified or registered mail to each Arbitration Party.

- L. **Default Award; No Requirement to Seek an Order Compelling Arbitration.** The arbitrator may enter a default award against any person or entity who fails to appear at the hearing, provided that: (1) said person or entity received actual notice of the hearing; and (2) the complaining party has a proof of service for the absent person or entity. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy pursuant to Code of Civil Procedure §1281.2.
- M. **Arbitrator Lacks Power to Modify.** Except as otherwise provided, the arbitrator shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of this Construction Work Force Agreement or any other agreement between the Agency and Owner or to negotiate new agreements or provisions between the parties.
- N. **Jurisdiction/Entry of Judgment.** The inquiry of the arbitrator shall be restricted to the particular controversy which gave rise to the Demand for Arbitration. A decision of the arbitrator issued hereunder shall be final and binding upon all Arbitration Parties. The non-prevailing Arbitration Party(ies) shall pay the arbitrator's fees and related costs of arbitration (or reimburse the Arbitration Parties that advanced such arbitration fees and costs). Each Arbitration Party shall pay its own attorneys' fees, provided, however, that attorneys' fees may be awarded to the prevailing party if the arbitrator finds that the arbitration action was instituted, litigated, or defended in bad faith. Judgment upon the arbitrator's decision may be entered in any court of competent jurisdiction.
- O. **Exculpatory Clause.** Owner expressly waives any and all claims against the Agency for damages, direct or indirect, including, without limitation, claims relative to the commencement, continuance and completion of construction and/or providing professional and consulting services ("the Work"). Owner acknowledges and agrees that the procedures set forth herein for dealing with alleged breaches or failure to comply with the obligations and requirements of this Construction Work Force Agreement are reasonable and have been anticipated by the parties in securing financing, in inviting, submitting and receiving bids and proposals for the planning, design and construction of the improvements and in determining the times for commencement and completion of the planning, design and construction and/or for providing consulting, professional or personal services.
- P. **Severability.** The provisions of this Construction Work Force Agreement are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this Construction Work Force Agreement or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this Construction Work Force Agreement or the validity of their application to other persons or circumstances.

Q. **Arbitration Notice:** BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Agency

Owner

I, hereby certify that I have authority to execute this Construction Work Force Agreement on behalf of the Owner listed below and that Owner agrees to diligently exercise good faith efforts to comply with this Agreement to meet or exceed the construction work force participation goals. I declare under penalty of perjury under the laws of the State of California that the above statement is true and correct.

Transbay 2 Family, L.P.,
a California limited partnership

Managing General Partner:

Transbay 2 Family LLC,
a California limited liability company

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Ramie Dare

Vice President

ATTACHMENT 9-3

PREVAILING WAGE POLICY

These Prevailing Wage Provisions (hereinafter referred to as "Labor Standards") apply to any and all construction of the Improvements as defined in the underlying agreement between the Tenant and OCII of which this Attachment and these Labor Standards are a part.

11.1 All Contracts and Subcontracts for construction and construction-related improvements shall contain the Labor Standards.

- (a) All specifications relating to the construction of the Improvements shall contain these Labor Standards and the Tenant shall have the responsibility to assure that all contracts and subcontracts, regardless of tier, incorporate by reference the specifications containing these Labor Standards. If for any reason said Labor Standards are not included, the Labor Standards shall nevertheless apply. The Tenant shall supply the Agency with true copies of each contract relating to the construction of the Improvements showing the specifications that contain these Labor Standards promptly after due and complete execution thereof and before any work under such contract commences. Failure to do shall be a violation of these Labor Standards.
- (b) Before close of escrow under the Agreement and as a condition to close of escrow, the Tenant shall also supply a written confirmation to the Agency from any construction lender for the Improvements that such construction lender is aware of these Labor Standards.

11.2 Definitions. The following definitions shall apply for purposes of this Exhibit H:

- (a) "Contractor" is the Tenant if permitted by law to act as a contractor, the general contractor, and any contractor as well as any subcontractor of any tier subcontractor having a contract or subcontract that exceeds \$10,000, and who employs Laborers, Mechanics, working foremen, and security guards to perform the construction on all or any part of the Improvements.
- (a) "Laborers" and "Mechanics" are all persons providing labor to perform the construction, including working foremen and security guards.
- (b) "Working foreman" is a person who, in addition to performing supervisory duties, performs the work of a Laborer or Mechanic during at least 20 percent of the work week.

11.3 Prevailing Wage.

- (a) All Laborers and Mechanics employed in the construction of the improvements will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by §5) the full amount of wages and bona fide fringe benefits

(or cash equivalents thereof) due at the time of payment computed at rates not less than those contained in the General Prevailing Wage Determination (hereinafter referred to as the "Wage Determination") made by the Director of Industrial Relations pursuant to California Labor Code Part 7, Chapter 1, Article 2, sections 1770, 1773 and 1773.1, regardless of any contractual relationship which may be alleged to exist between the Contractor and such Laborers and Mechanics. A copy of the applicable Wage Determination is on file in the offices of the Agency.

- (b) All Laborers and Mechanics shall be paid the appropriate wage rate and fringe benefits for the classification of work actually performed, without regard to skill. Laborers or Mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein provided that the Contractor's payroll records accurately set forth the time spent in each classification in which work is performed.
- (c) Whenever the wage rate prescribed in the Wage Determination for a class of Laborers or Mechanics includes a fringe benefit which is not expressed as an hourly rate, the Contractor shall either pay the benefit in the manner as stated therein i.e. the vacation plan, the health benefit program, the pension plan and the apprenticeship program, or shall pay an hourly cash equivalent thereof.
- (d) If the Contractor does not make payments to a trustee or other third person, the Contractor may consider as part of the wages of any Laborer or Mechanic the amount of any costs reasonably anticipated in providing benefits under a plan or program of a type expressly listed in the Wage Determination, provided that the Executive Director of the Agency has found, upon the written request of the Contractor, made through the Contractor that the intent of the Labor Standards has been met. Records of such costs shall be maintained in the manner set forth in subsection (a) of §8. The Executive Director of the Agency may require the Contractor to set aside in a separate interest bearing account with a member of the Federal Deposit Insurance Corporation, assets for the meeting of obligations under the plan or program referred to above in subsection (b) of this §4. The interest shall be accumulated and shall be paid as determined by the Agency acting at its sole discretion.
- (e) Regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period.

11.4 Permissible Payroll Deductions.

The following payroll deductions are permissible deductions. Any others require the approval of the Agency's Executive Director.

- (a) Any withholding made in compliance with the requirements of Federal, State or local income tax laws, and the Federal social security tax.
- (b) Any repayment of sums previously advanced to the employee as a bona fide prepayment of wages when such prepayment is made without discount or interest. A "bona fide prepayment of wages" is considered to have been made only when case or its equivalent has been advanced to the employee in such manner as to give him or her complete freedom of disposition of the advanced funds.
- (c) Any garnishment, unless it is in favor of the Contractor (or any affiliated person or entity), or when collusion or collaboration exists.
- (d) Any contribution on behalf of the employee, to funds established by the Contractor, representatives of employees or both, for the purpose of providing from principal, income or both, medical or hospital care, pensions or annuities on retirement, death benefits, compensation for injuries, illness, accidents, sickness or disability, or for insurance to provide any of the foregoing, or unemployment benefits, vacation pay, savings accounts or similar payments for the benefit of employees, their families and dependents provided, however, that the following standards are met:
 - 1. The deduction is not otherwise prohibited by law; and
 - 2. It is either:
 - a. Voluntarily consented to by the employee in writing and in advance of the period in which the work is to be done and such consent is not a condition either for obtaining or for the continuation of employment, or
 - b. Provided for in a bona fide collective bargaining agreement between the Contractor and representatives of its employees; and
 - 3. No profit or other benefit is otherwise obtained, directly or indirectly, by the Contractor (or any affiliated person or entity) in the form of commission, dividend or otherwise; and
 - 4. The deduction shall serve the convenience and interest of the employee.
- (e) Any authorized purchase of United States Savings Bonds for the employee.
- (f) Any voluntarily authorized repayment of loans from or the purchase of shares in credit unions organized and operated in accordance with Federal and State credit union statutes.

- (g) Any contribution voluntarily authorized by the employee for the American Red Cross, United Way and similar charitable organizations.
- (h) Any payment of regular union initiation fees and membership dues, but not including fines or special assessments provided, that a collective bargaining agreement between the Contractor and representatives of its employees provides for such payment and the deductions are not otherwise prohibited by law.

11.5 Apprentices and Trainees. Apprentices and trainees will be permitted to work at less than the Mechanic's rate for the work they perform when they are employed pursuant to and are individually registered in an apprenticeship or trainee program approved by the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training ("BAT") or with the California Department of Industrial Relations, Division of Apprenticeship Standards ("DAS") or if a person is employed in his or her first 90 days of probationary employment as an apprentice or trainee in such a program, who is not individually registered in the program, but who has been certified by BAT or DAS to be eligible for probationary employment. Any employee listed on a payroll at an apprentice or trainee wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate for a Mechanic. Every apprentice or trainee must be paid at not less than the rate specified in the registered program for the employee's level of progress, expressed as a percentage of a Mechanic's hourly rate as specified in the Wage Determination. Apprentices or trainees shall be paid fringe benefits in accordance with the provisions of the respective program. If the program does not specify fringe benefits, employees must be paid the full amount of fringe benefits listed in the Wage Determination.

11.6 Overtime. No Contractor contracting for any part of the construction of the improvements which may require or involve the employment of Laborers or Mechanics shall require or permit any such Laborer or Mechanic in any workweek in which he or she is employed on such construction to work in excess of eight hours in any calendar day or in excess of 40 hours in such workweek unless such Laborer or Mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of eight hours in any calendar day or in excess of 40 hours in such workweek, whichever is greater.

11.7 Payrolls and Basic Records.

- (a) Payrolls and basic records relating thereto shall be maintained by the Contractor during the course of its construction of the improvements and preserved for a period of one year thereafter for all Laborers and Mechanics it employed in the construction of the improvements. Such records shall contain the name, address and social security number of each employee, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for fringe benefits or cash equivalents thereof), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the wages of any Laborer or Mechanic include

the amount of any costs reasonably anticipated in providing benefits under a plan or program, the Contractor shall maintain records which show the costs anticipated or the actual costs incurred in providing such benefits and that the plan or program has been communicated in writing to the Laborers or Mechanics affected. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage prescribed in the applicable programs or the Wage Determination.

- (b) The Contractor shall submit to the Agency on each Wednesday at noon a copy of the payrolls for the week preceding the previous week in which any construction of the improvements was performed. The payrolls submitted shall set out accurately and completely all of the information required by the Agency's Optional Form, an initial supply of which may be obtained from the Agency. The Contractor if a prime contractor or the Contractor acting as the Contractor is responsible for the submission of copies of certified payrolls by all subcontractors; otherwise each Contractor shall timely submit such payrolls.

11.8 Each weekly payroll shall be accompanied by the Statement of Compliance that accompanies the Agency's Optional Form and properly executed by the Contractor or his or her agent, who pays or supervises the payment of the employees.

- (a) The Contractor shall make the records required under this §8 available for inspection or copying by authorized representatives of the Agency, and shall permit such representatives to interview employees during working hours on the job. On request the Executive Director of the Agency shall advise the Contractor of the identity of such authorized representatives.

11.9 **Occupational Safety and Health.** No Laborer or Mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his or her safety and health as determined under construction safety and health standards promulgated by Cal-OSHA or if Cal-OSHA is terminated, then by the federal OSHA.

11.10 **Equal Opportunity Program.** The utilization of apprentices, trainees, Laborers and Mechanics under this part shall be in conformity with the Agency's equal opportunity program set forth in Attachment 5 of this Lease Agreement.

11.11 **Nondiscrimination Against Employees for Complaints.** No Laborer or Mechanic to whom the wage, salary or other Labor Standards of this Agreement are applicable shall be discharged or in any other manner discriminated against by the Contractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding under or relating to these Labor Standards.

11.12 Posting of Notice to Employees. A copy of the Wage Determination referred to in subsection (a) of §4 together with a copy of a "Notice to Employees," in the form appearing on the last page of these Labor Standards, shall be given to the Contractor at the close of escrow. The Notice to Employees and the Wage Determination shall both be posted and maintained by the Contractor in a prominent place readily accessible to all applicants and employees performing construction of the improvements before construction commences. If such Notice and Wage Determination is not so posted or maintained, the Agency may do so.

11.13 Violation and Remedies.

- (a) Liability to Employee for Unpaid Wages. The Contractor shall be liable to the employee for unpaid wages, overtime wages and benefits in violation of these Labor Standards.
- (b) Stop Work-Contract Terms, Records and Payrolls. If there is a violation of these Labor Standards by reason of the failure of any contract or subcontract for the construction of the improvements to contain the Labor Standards as required by §2 ("Non-Conforming Contract"); or by reason of any failure to submit the payrolls or make records available as required by §8 ("Non-Complying Contractor"), the Executive Director of the Agency may, after written notice to the Contractor with a copy to the Contractor involved and failure to cure the violation within five working days after the date of such notice, stop the construction work under the Non-Conforming Contract or of the Non-Complying Contractor until the Non-Conforming Contract or the Non-Complying Contractor comes into compliance.
- (c) Stop Work and Other Violations. For any violation of these Labor Standards the Executive Director of the Agency may give written notice to the Contractor, with a copy to the Contractor involved, which notice shall state the claimed violation and the amount of money, if any, involved in the violation. Within five working days from the date of said notice, the Contractor shall advise the Agency in writing whether or not the violation is disputed by the Contractor and a statement of reasons in support of such dispute (the "Notice of Dispute"). In addition to the foregoing, the Contractor, upon receipt of the notice of claimed violation from the Agency, shall with respect to any amount stated in the Agency notice withhold payment to the Contractor of the amount stated multiplied by 45 working days and shall with the Notice of Dispute, also advise the Agency that the moneys are being or will be withheld. If the Contractor fails to timely give a Notice of Dispute to the Agency or to advise of the withhold, then the Executive Director of the Agency may stop the construction of the improvements under the applicable contract or by the involved Contractor until such Notice of Dispute and written withhold advice has been received.

Upon receipt of the Notice of Dispute and withhold advice, any stop work which the Executive Director has ordered shall be lifted, but the Contractor

shall continue to withhold the moneys until the dispute has been resolved either by agreement, or failing agreement, by arbitration as is provided in §14.

- (d) Withholding Certificates of Completion. The Agency may withhold any or all certificates of completion of the improvements provided for in this Agreement, for any violations of these Labor Standards until such violation has been cured.
- (e) General Remedies. In addition to all of the rights and remedies herein contained, but subject to arbitration, except as hereinafter provided, the Agency shall have all rights in law or equity to enforce these Labor Standards including, but not limited to, a prohibitory or mandatory injunction. Provided, however, the stop work remedy of the Agency provided above in subsection (b) and (c) is not subject to arbitration.

11.14 Arbitration of Disputes.


- (a) Any dispute regarding these Labor Standards shall be determined by arbitration through the American Arbitration Association, San Francisco, California office ("AAA") in accordance with the Commercial Rules of the AAA then applicable, but subject to the further provisions thereof.
- (b) The Agency and all persons or entities who have a contractual relationship affected by the dispute shall be made a party to the arbitration. Any such person or entity not made a party in the demand for arbitration may intervene as a party and in turn may name any such person or entity as a party.
- (c) The arbitration shall take place in the City and County of San Francisco.
- (d) Arbitration may be demanded by the Agency, the Tenant or the Contractor.
- (e) With the demand for arbitration, there must be enclosed a copy of these Labor Standards, and a copy of the demand must be mailed to the Agency and the Contractor, or as appropriate to one or the other if the Contractor or the Agency is demanding arbitration. If the demand does not include the Labor Standards they are nevertheless deemed a part of the demand. With the demand if made by the Agency or within a reasonable time thereafter if not made by the Agency, the Agency shall transmit to the AAA a copy of the Wage Determination (referred to in §4) and copies of all notices sent or received by the Agency pursuant to §13. Such material shall be made part of the arbitration record.
- (f) One arbitrator shall arbitrate the dispute. The arbitrator shall be selected from the panel of arbitrators of the AAA by the parties to the arbitration in accordance with the AAA rules. The parties shall act diligently in this regard. If the parties fail to select an arbitrator, within seven (7) days from the receipt of the panel, the AAA shall appoint the arbitrator. A condition to the selection of any arbitrator shall be that person's agreement to render a decision within 30 days from appointment.

- (g) Any party to the arbitration whether the party participates in the arbitration or not shall be bound by the decision of the arbitrator whose decision shall be final and binding on all of the parties and any and all rights of appeal from the decision are waived except a claim that the arbitrator's decision violates an applicable statute or regulation. The decision of the arbitrator shall be rendered on or before 30 days from appointment. The arbitrator shall schedule hearings as necessary to meet this 30 day decision requirement and the parties to the arbitration, whether they appear or not, shall be bound by such scheduling.
- (h) Any party to the arbitration may take any and all steps permitted by law to enforce the arbitrator's decision and if the arbitrator's decision requires the payment of money the Contractor shall make the required payments and the Contractor shall pay the Contractor from money withheld.
- (i) Costs and Expenses. Each party shall bear its own costs and expenses of the arbitration and the costs of the arbitration shall be shared equally among the parties.

11.15 **Non-liability of the Agency.** The Contractor and each Contractor acknowledge and agree that the procedures hereinafter set forth for dealing with violations of these Labor Standards are reasonable and have been anticipated by the parties in securing financing, in inviting, submitting and receiving bids for the construction of the improvements, in determining the time for commencement and completion of construction and in proceeding with construction work. Accordingly the Contractor, and any Contractor, by proceeding with construction expressly waives and is deemed to have waived any and all claims against the Agency for damages, direct or indirect, arising out of these Labor Standards and their enforcement and including but not limited to claims relative to stop work orders, and the commencement, continuance or completion of construction.

ATTACHMENT 9-4

NONDISCRIMINATION IN CONTRACTS AND BENEFITS

	<p align="center">OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE (OCII) (SUCCESSOR TO THE SAN FRANCISCO REDEVELOPMENT AGENCY) DECLARATION FORM Nondiscrimination in Contracts and Benefits</p>
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Section A

Is your company/organization currently certified by the City and County of San Francisco in compliance with Administrative Code 12B Equal Benefits Ordinance and will your company/organization ensure nondiscrimination in contracts and benefits pursuant to 12B on OCII contracts? If yes, please indicate below, skip Section B, and execute the Declaration in Section C. If no, please skip Section A and complete Sections B and C.

- ☐ My company/organization is certified and compliant with the 12B Equal Benefits Ordinance of the City and County of San Francisco and there has been no change in our 12B Declaration since certification. My company/organization agrees to ensure nondiscrimination in contracts and benefits pursuant to 12B on OCII contracts. (Please check box to affirm, if applicable)

Section B

1. Nondiscrimination—Protected Classes

- a. Is it your company/organization's policy that you will not discriminate against your employees, applicants for employment, employees of the Office of Community Investment and Infrastructure (successor to the San Francisco Redevelopment Agency) (Agency), or City and County of San Francisco (City), or members of the public for the following reasons:

• Race	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• color	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• Creed	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• Religion	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• ancestry	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• national origin	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• Age	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• sex	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• sexual orientation	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• gender identity	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• marital status	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• domestic partner status	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• Disability	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• AIDS or HIV status	<input type="checkbox"/> Yes	<input type="checkbox"/> No

- b. Do you agree to insert a similar nondiscrimination provision in any subcontract you enter into for the performance of a substantial portion of the contract that you have with the Agency or the City?

☐ Yes ☐ No

If you answered "no" to any part of Question 1a or 1b, the Agency or the City cannot do business with you.

2. Nondiscrimination—Equal Benefits (Question 2 does not apply to subcontracts or subcontractors)

- a. Do you provide, or offer access to, any benefits to employees with spouses or to spouses of employees?
- ☐ Yes ☐ No
- b. Do you provide, or offer access to, any benefits to employees with domestic partners (Partners) or to domestic partners of employees?
- ☐ Yes ☐ No

If you answered “no” to both Questions 2a and 2b, skip 2c and 2d, and sign, date and return this form. If you answered “yes” to Question 2a or 2b, continue to 2c.

- c. If “yes,” please indicate which ones. This list is not intended to be exhaustive. Please list any other benefits you provide (even if the employer does not pay for them).

Benefit	Yes, for	Yes, for	
	Spouses	Partners	No
• Medical (health, dental, vision)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Pension	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Bereavement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Family leave	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Parental leave	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Employee assistance programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Relocation and travel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Company discounts, facilities, events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Credit union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Child care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- d. If you answered “yes” to Question 2a or 2b, and in 2c indicated that you do not provide equal benefits, you may still comply with the Policy if you have taken all reasonable measures to end discrimination in benefits, have been unable to do so, and now provide employees with a cash equivalent.

- (1) Have you taken all reasonable measures? ☐ Yes ☐ No
- (2) Do you provide a cash equivalent? ☐ Yes ☐ No

3. Documentation for Nondiscrimination in Benefits (Questions 2c and 2d only)

If you answered “yes” to any part of Question 2c or Question 2d, you must attach to this form those provisions of insurance policies, personnel policies, or other documents you have which verify your compliance with Question 2c or Question 2d. Please include the policy sections that list the benefits for which you indicated “yes” in Question 2c. If documentation does not exist, attach an explanation, e.g., some of your personnel policies are unwritten. If you answered “yes” to Question 2d(1) complete and attach form SFRA/CC-103, “Nondiscrimination in Benefits—Reasonable Measures Affidavit,” which is available from the Agency. You need not document your “yes” answer to Question 1a or Question 1b.

Section C

I declare (or certify) under penalty of perjury that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Name of Company/Organization: _____

Doing Business As (DBA): _____

Also Known As (AKA): _____

General Address: _____

Remittance Address (if different from above): _____

Name of Signatory: _____ Title: _____

(Please Print)

Signature: _____

Phone Number: _____ Federal Tax Identification Number: _____

Approximate number of employees in the U.S.: _____ Vendor Number: _____
(if known)

ATTACHMENT 9-5

HEALTH CARE ACCOUNTABILITY POLICY DECLARATION

What the Policy does. The Office of Community Investment and Infrastructure (“OCII”) (as Successor Agency to the Redevelopment Agency of the City and County of San Francisco) adopted the San Francisco Health Care Accountability Policy (the “HCAP”), which became effective on September 25, 2001. The HCAP requires contractors and subcontractors that provide services to OCII, contractors and subcontractors that enter into leases with OCII, and parties providing services to tenants and sub-tenants on OCII property to offer health plan benefits to their employees.

Specifically, contractors can either: (1) offer the employee minimum standard health plan benefits established by the San Francisco Department of Public Health (“SFPDH”), as approved by the OCII Commission; (2) pay OCII an amount equivalent to the current fee established by the SFPDH for each hour the employee works on the covered contract or subcontract or on property covered by a lease and OCII will appropriate the money for staffing and other resources to provide medical care for the uninsured; or (3) participate in a health benefits program developed and offered by SFPDH. The minimum health plan standards and fees established by SFPDH are published at <https://sfgov.org/olse/health-care-accountability-ordinance-hcao>.

OCII may require contractors to submit reports on the number of employees affected by the HCAP.

Effect on OCII contracting. For contracts and amendments signed on or after September 25, 2001, the HCAP will have the following effect:

- in each contract, the contractor will agree to abide by the HCAP and to provide its employees the minimum benefits the HCAP requires, and to require its subcontractors to do the same.
- if a contractor does not provide the HCAP’s minimum benefits, OCII can award a contract to that contractor **only if** the contract is exempt under the HCAP, or if the contract has received a waiver from OCII.

What this form does. Your signed declaration will help OCII’s contracting practice. Sign this form if you can assure OCII that, beginning with the first OCII’s contract or amendment you receive after September 25, 2001 and until further notice, you will provide the minimum benefit levels specified in the HCAP to your covered employees, and will ensure that your subcontractors also subject to the HCAP do the same.

If you cannot make this assurance now, please do not return this form.

For more information, please see the complete text of the HCAP, available from the OCII’s Contract Compliance Department at: (415) 749-2400 or <http://sfocii.org/policies-and-procedures>.

Routing. Return this form to: Contact Compliance Department, Office of Community Investment and Infrastructure, 1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103.

Declaration

Effective with the first OCII contract or amendment this company receives on or after September 25, 2001, this company will provide the minimum benefit levels specified in the HCAP to our covered employees, and will ensure that our subcontractors also subject to the HCAP do the same, until further notice. This company will give such notice as soon as possible.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Signature

Date _____

Print Name

Company Name

Phone _____

ATTACHMENT 9-6

MINIMUM COMPENSATION POLICY DECLARATION

What the Policy does. The Office of Community Investment and Infrastructure (“OCII”) (Successor Agency to the San Francisco Redevelopment Agency) adopted the Minimum Compensation Policy (“MCP”), which became effective on September 25, 2001. The MCP requires contractors and subcontractors to pay Covered Employees a minimum hourly wage and to provide 12 compensated and 10 uncompensated days off per year. The Minimum Compensation rate adjusts automatically to match the wage rate required by the City and County of San Francisco’s Minimum Compensation Ordinance. Contractor is obligated to keep informed of the then-current requirements, which are published at <https://sfgov.org/olse/minimum-compensation-ordinance-mco>.

OCII may require contractors to submit reports on the number of employees affected by the MCP.

Effect on OCII contracting. For contracts and amendments signed on or after September 25, 2001, the MCP will have the following effect:

- in each contract, the contractor will agree to abide by the MCP and to provide its employees the minimum benefits the MCP requires, and to require its subcontractors subject to the MCP to do the same.
- if a contractor does not provide the MCP minimum benefits, OCII can award a contract to that contractor only if the contract is exempt under the MCP, or if the contract has received a waiver from OCII.

What this form does. Your signed declaration will help OCII’s contracting practice. Sign this form if you can assure OCII that, beginning with the first OCII contract or amendment you receive after September 25, 2001 and until further notice, you will provide the minimum benefit levels specified in the MCP to your covered employees, and will ensure that your subcontractors also subject to the MCP do the same.

If you cannot make this assurance now, please do not return this form.

For more information, please see the complete text of the MCP, available from the OCII Contract Compliance Department at (415) 749-2400 or <http://sfocii.org/policies-and-procedures>.

Routing. Return this form to: Contract Compliance Department, Office of Community Investment and Infrastructure (Successor to the San Francisco Redevelopment Agency), 1 South Van Ness, Fifth Floor, San Francisco, CA 94103.

Declaration

Effective with the first OCII contract or amendment this company receives on or after September 25, 2001, this company will provide the minimum benefit levels specified in the MCP to our

covered employees, and will ensure that our subcontractors also subject to the MCP do the same, until further notice. This company will give such notice as soon as possible.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Signature

Date

Print Name

Company Name

Phone

ATTACHMENT 10

LANDLORD ESTOPPEL CERTIFICATE

This Landlord Estoppel Certificate ("Certificate") is delivered as of _____, 20____ ("Effective Date") by SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF CITY AND COUNTY OF SAN FRANCISCO, a public body, organized and existing under the laws of the State of California, commonly known as the Office of Community Investment and Infrastructure ("Landlord"), to and for the benefit and reliance of TRANSBAY 2 FAMILY, L.P. ("Tenant"), and _____, as nominee, and its successors in interest as the limited partner of Tenant ("Limited Partner"). Tenant is leasing the Premises (defined below) from Landlord pursuant to that certain Ground Lease ("Ground Lease") dated on or about _____. Limited Partner has requested that Tenant obtain from Landlord this Certificate.

Landlord hereby represents and certifies as of the Effective Date as follows:

1. Status of Lease. The Lease is in full force and effect.
2. No Defaults. Landlord is not in default under the Lease and no event has occurred or situation exists which would, with the passage of time or giving of notice or both, result in Landlord being in default under the Lease. To Landlord's knowledge, Tenant is not in default under the Lease and no event has occurred or situation exists which would, with the passage of time or giving of notice or both, result in Tenant being in default under the Lease.
3. No Termination. To Landlord's knowledge, Landlord has no present right to terminate the Lease. Landlord has neither given nor received any notice of termination of the Lease.
4. No Defenses. To Landlord's knowledge, Landlord has no defense, offset, claim, counterclaim, or right of recoupment against its obligations under the Lease.
5. Authority. Landlord and the person or persons executing this certificate on behalf of Landlord have the power and authority to execute this Certificate.

The truth and accuracy of the certifications contained herein is being relied upon by Tenant and Limited Partner and the certifications contained herein shall be binding upon Landlord and its successors and assigns and inure to the benefit of the Tenant and Limited Partner.

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

By: _____
Thurston Kaslofsky
Executive Director

ATTACHMENT 12

DECLARATION OF PUBLIC ACCESS RESTRICTIONS

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Office of Community Investment
and Infrastructure
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Development Services Manager

The undersigned hereby declares this instrument to
be exempt from Recording Fees (CA Govt. Code
§27383 and §27388.1) and Documentary Transfer
Tax (CA Rev. & Tax Code §11922 and S.F. Bus. &
Tax Reg. Code §1105)

APN: Block 3739, Lot 017

(Space above this line reserved for Recorder's use only)

DECLARATION OF PUBLIC ACCESS RESTRICTIONS

Transbay Block 2 East

This DECLARATION OF RESTRICTIONS ("**Declaration**") is made as of _____, 2024, by Transbay 2 Family, L.P., a California limited partnership (including any successor or future lessee of the Property, "**Declarant**") owner of a leasehold interest in the land described in Exhibit A attached hereto (the "**Property**"), in favor of the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body organized and existing under the laws of the State of California, commonly referred to as the Office of Community Investment and Infrastructure ("**Successor Agency**," including any successors or assigns). The restrictions and covenants stated herein shall bind Declarant and its successors and assigns and shall be enforceable by SUCCESSOR AGENCY and its successors and assigns.

RECITALS

A. SUCCESSOR AGENCY and Declarant have entered into that certain Ground Lease dated _____, 2024 ("**Ground Lease**") and an Amended and Restated Loan Agreement dated as of _____, 2024 ("**Loan Agreement**"). The Ground Lease and Loan Agreement obligate Declarant to develop the Project, a below-market-rate affordable housing development with associated improvements, on Declarant's leasehold interest in the Property. Definitions and rules of interpretation set forth in the Ground Lease apply to this Declaration, unless otherwise noted.

B. Pursuant to the Redevelopment Requirements, the Project includes construction of roughly half of a Pedestrian Mews separating the Project from adjacent development to the east

and providing mid-block public access, ingress and egress between Folsom Street and future Clementina Street and the future Transbay park, as shown on Exhibit B attached hereto (the “**Block 2E Pedestrian Mews**”).

C. Declarant has agreed to comply with certain access restrictions and maintenance obligations for the Block 2E Pedestrian Mews, as set out in the Ground Lease and contained herein, commencing on the date on which a certificate of occupancy is issued for the Project, and continuing for the Life of the Project (the “**Compliance Term**”), even if the Loan Agreement or Ground Lease, or both, are terminated or otherwise satisfied.

D. As further described below, Declarant intends by this Declaration to ensure public access to and maintenance of the Block 2E Pedestrian Mews in compliance with the Redevelopment Requirements and applicable law (including, without limitation, the Construction Documents).

NOW, THEREFORE, Declarant hereby declares, covenants and agrees for itself, its successors, assigns and all future lessees of the Property or owners of the Project, that the leasehold interest in the Property will be held, transferred, sold, leased, occupied and conveyed subject to the following restrictions and covenants, which are hereby declared to be for the benefit of the public, and that said restrictions and covenants will run with the Property and will be binding upon all parties having or acquiring any right or title in said Property.

Section 1 Restrictions

A. Block 2E Pedestrian Mews. Declarant shall make and maintain all portions of the Block 2E Pedestrian Mews as pedestrian ingress, egress and access available to all members of the public at all times of the day or night, except as reasonably required for construction, restoration, repairs or maintenance, provided that Declarant shall use good faith diligent efforts to minimize the length and extent of such closure and shall notify the Successor Agency or assignee in advance of such closures. In the event of an emergency or danger to the public health or safety created from whatever cause (including, but not limited to, flood, storm, fire, earthquake, explosion, accident, criminal activity, riot, civil disturbances, civil unrest, unlawful assembly), Declarant may temporarily close the Block 2E Pedestrian Mews (or affected portions thereof) in any manner deemed necessary or desirable to promote public safety, security, and the protection of persons and property.

B. Rules and Regulations. Declarant, in conjunction with Successor Agency’s ground lessee of the Block 2 West Project, may develop reasonable rules and regulations governing security, use, and conduct by the public within the Block 2E Pedestrian Mews. Such rules and regulations shall be consistent with the purpose of the Redevelopment Requirements and the Construction Documents whenever applicable and shall (a) not prohibit public access or limit pedestrian access except as permitted by this Declaration; (b) not be discriminatory; and (c) comply with applicable laws. Declarant may amend such rules and regulations from time to time in conformity with this Declaration; provided, that Declarant provide a copy of such amended Rules and Regulations to

the Successor Agency or its assignee promptly upon any amendment thereto. All rules and regulations for the public use shall be enforced in a nondiscriminatory manner.

In accordance with this paragraph, Declarant shall have the right to use the Block 2E Pedestrian Mews for privately- or publicly-sponsored special events, including meetings, festivals, gatherings, assemblies, celebrations, festivals, receptions, seminars, lectures, fitness classes, concerts, art displays, exhibits, booths for charitable, patriotic or welfare purposes, conventions, and open air sale of agriculturally produced seasonal decorations, such as Christmas trees and Halloween pumpkins, that do not require the closure of any portion of the Block 2E Pedestrian Mews to the public for pedestrian ingress, egress and access (collectively, "**Non-Closure Events**"). All Non-Closure Events on the Block 2E Pedestrian Mews must be approved in advance by Declarant and Successor Agency. Declarant shall notify the Successor Agency in writing at least seven days prior to Declarant's approval of Non-Closure Events on the Block 2 Pedestrian Mews. Declarant may require payment in the form of a permit fee or other charge for use of the Block Pedestrian Mews for Non-Closure Events, so long as the permit fee or use charge does not exceed the reasonable costs for administration, maintenance, security, liability, and repairs associated with such event. Declarant shall create and make available to all applicants a standardized, clear explanation of the application process and criteria for review and approval of such Non-Closure Events, including related fees, and provide a copy of this information to the Successor Agency prior to its first Non-Closure Event.

C. Obstructions. Except as permitted by this Declaration, Declarant shall not construct or permit any structures to be constructed in the Block 2E Pedestrian Mews that would in any way interfere with or obstruct the public's use of the area as described in Subsection 1.A above; provided, however, that nothing in this or the previous Subsections prohibit Declarant from installing vegetation, seating, furnishings, lighting, signage, traffic calming and other streetscape or parkscape fixtures (collectively "**Fixtures**") consistent with the Redevelopment Requirements and Construction Documents; or reasonably restricting access to the Block 2E Pedestrian Mews in connection with maintenance, repair, and reconstruction activities undertaken pursuant to this Declaration.

Section 2 Maintenance

Declarant shall maintain the Block 2E Pedestrian Mews in compliance with the Ground Lease, and all applicable laws of the State of California and the Ordinances and Regulations of the City and County of San Francisco and the Redevelopment Requirements, for the useful Life of the Project.

Section 3 Right of Enforcement

A. Generally. The Successor Agency or its assignee may enforce, individually or collectively, any of the covenants and restrictions established by this Declaration by legal action or other legally permissible enforcement action either entity deems necessary. Before taking any enforcement action, Successor Agency or assignee shall provide Declarant with written notice ("**Notice**") detailing Declarant's failure to enforce the restrictions or perform any of its covenants under this

Declaration, and provide Declarant with the opportunity to cure such failure within thirty (30) business days of Declarant's receipt of the Notice or other cure period specified in the Notice, whichever is sooner.

B. Right to Cure and Abate. In addition to the foregoing, if Declarant does not cure, or commence action to cure and diligently thereafter proceed to completion, any failure identified by a Notice prior to the expiration of the Notice period, the Successor Agency or its assignee shall have the right, both independently and collectively, but not the obligation, to perform necessary work in the Block 2E Pedestrian Mews to remedy the failure specified in the applicable Notice, and Declarant shall reimburse Successor Agency and/or the City, as the case may be, for the actual costs of such work, not including compensation for staff time.

Section 4 **Liability and Indemnity**

A. Limitation on Liability. Neither the Successor Agency nor the City and County of San Francisco ("**City**") shall be liable, in any event whatsoever, for any injury or damage to any person on or about the Property or any injury or damage to the Property, to any property of any tenant or occupant, or to any property of any other person, entity or association on or about the Property, except with regard to work performed by the Successor Agency or its assignee pursuant to Section 3.B, or to the extent such injury or damage is caused solely by willful misconduct or gross negligence of the party seeking to enforce this limitation.

B. Indemnity. Declarant, and each successor and assign to Declarant holding an interest in the Block 2E Pedestrian Mews (collectively called "**Indemnitors**"), with respect to all matters arising during the period that Declarant or each such successor or assign is holds an interest in the Block 2E Pedestrian Mews, shall defend, hold harmless and indemnify the Successor Agency and the City, including but not limited to all of their boards, commissions, departments, agencies and other subdivisions, and their respective officers, directors, commissioners, employees and agents (collectively, "**Indemnified Parties**"), from and against any and all liabilities, penalties, costs, damages, expenses, causes of action, claims or judgments (including without limitation attorney's fees) (collectively, "**Indemnified Claims**"), arising under this Declaration or resulting from the death or injury of any person or damage to property occurring on the Block 2E Pedestrian Mews and directly or indirectly caused by any acts or omissions of Indemnitors or their agents, employees or contractors except to the extent that any of the foregoing indemnification, reimbursement, hold harmless and defense obligations is void or otherwise unenforceable under applicable Law. The foregoing indemnity shall not apply to any liabilities, penalties, costs, damages, expenses, causes of action, claims or judgments (including reasonable attorney's fees) (i) due to the negligence or willful misconduct of the Indemnified Parties, or their respective agents, employees or contractors, or (ii) arising from the Successor Agency's or its assignee's performance of work pursuant to Section 3.B. Declarant, on behalf of the Indemnitors, specifically acknowledges and agrees that the Indemnitors have an immediate and independent obligation to defend the Indemnified Parties from any claim which actually or potentially falls within this indemnity even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such Indemnified Claim is tendered to any applicable Indemnitor.

Section 5

Duration

This Declaration, and the restrictions and covenants herein, herein shall remain in effect for the Life of the Project and shall survive the termination of the Ground Lease and the Loan Agreement, even if the loan under the Loan Agreement is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

Section 6

Notice of Restrictions

Concurrent with the recordation of this Declaration, Declarant shall ensure that all of its members are informed of the restrictions herein by providing a summary notice to all members then existing in Declarant, and thereafter Declarant shall provide such notice to each member as it is admitted to Declarant, with a copy of each notice provided to the Successor Agency.

Section 7

Miscellaneous Provisions

A. Time. Time is of the essence of this Declaration and each party's performance of its obligations hereunder.

B. Amendment. Declarant may modify this Declaration only with prior written consent of Successor Agency, and any such modification shall be duly recorded in the Official Records of the City and County of San Francisco.

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

D. Successors and Assigns. The rights and obligations set forth herein shall burden the Property, run with the land, and bind and inure to the benefit of the successors and assigns of the Declarant and Successor Agency for the Life of the Project.

E. Counterparts. This Declaration may be executed in any number of counterparts, each of which shall be entitled to be the original and all of which shall constitute on and the same Declaration.

F. Notices.

a. Notices. Any notice given under this Declaration shall be in writing and given by delivering the notice in person, by commercial overnight courier that guarantees next day delivery and provides a receipt, or by sending it by registered or certified mail, or Express Mail, turn receipt requested, with postage prepared, to the mailing address listed below or any other address notice of which is given.

Declarant:

Copy to:

Successor Agency:

Successor Agency to the
San Francisco Redevelopment Agency
One South Van Ness Avenue, Fifth Floor
San Francisco, California 94103
Attention: Executive Director

Copy to:

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

G. Severability. If any provision of this Declaration shall to any extent be invalid or unenforceable, the remainder of this Declaration (or the application of such provisions to persons or circumstances other than those in respect of which it is invalid or unenforceable) shall not be affected thereby, and each provision of this Declaration, unless specifically conditioned upon such invalid or unenforceable provision, shall be valid and enforceable to the fullest extent permitted by law.

H. Entire Declaration. This Declaration, together with any attachments hereto or inclusions by reference, constitute the entire Declaration between the Declarant and the Successor Agency on the subject matter hereof, and this Declaration supersedes and cancels any and all previous negotiations, arrangements, Declarations and understandings, if any, between the Declarant and the Successor Agency hereto with respect to the public access area defined in Section 1 which is the subject matter of this Declaration.

I. Compliance with Laws. Declarant, at Declarant's expense, shall comply with all laws, statutes, ordinances, rules and regulations of federal, state and local authorities having jurisdiction over the Block 2E Pedestrian Mews, now in force or hereafter adopted.

J. Assignment and Release of Liability. In the event of the conveyance of Declarant's leasehold interest in the Property from Declarant or any successor to a third party (each, an "**Acquiring Party**"), then from and after the date of such conveyance, Declarant or such successor lessee, as applicable, shall be released from all of its respective obligations and liability under this Declaration thereafter accruing and such Acquiring Party shall automatically assume all the obligations of Declarant or such successor lessee, as applicable, under this Declaration at the time

such Acquiring Party acquires the leasehold interest in the Property. In connection with any such conveyance of fee title, Declarant or such successor lessee, as applicable, and such Acquiring Party shall execute and deliver to the Successor Agency a written assignment and assumption of the Declaration; provided, however, that the failure of any party to execute or deliver such an assignment and assumption shall not affect the automatic transfer and assumption of obligations and liability under this Declaration by such Acquiring Party.

K. No Partnership or Joint Venture. This Declaration does not create a partnership or joint venture between the Successor Agency, the City and Declarant as to any activity conducted by Declarant on, in or relating to the Block 2E Pedestrian Mews.

L. Section Titles. All section and subsection titles are included only for convenience of reference and shall be disregarded in the construction and interpretation of the Declaration.

M. Declarant Representation. Declarant represents and warrants that the execution and delivery of this Declaration by Declarant and the person signing on behalf of Declarant below has been duly authorized and Declarant is a non-profit corporation duly formed, validly existing and in good standing under the laws of the State of California.

N. Survival. All representations, warranties, and waivers given or made hereunder shall survive termination of this Declaration.

[Signatures begin on the following page]

IN WITNESS WHEREOF, Declarant has executed this instrument as of the Effective Date.

DECLARANT:

By: _____

Name:

Its:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of _____)

On _____ before me, _____ ,
personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature _____

EXHIBIT A

Legal Description of Property

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AS FOLLOWS:

EXHIBIT B